**AGENDA**
**SAN ELIJO JOINT POWERS AUTHORITY**
**TUESDAY, April 20, 2021 AT 8:30 AM**

**The next regular meeting of the San Elijo Joint Powers Authority (SEJPA) will be on Tuesday, April 20, 2021 at 8:30 a.m., PST.**

**Pursuant to the State of California Executive Order N-29-20 and the amended County Health Orders, members of the public will only be allowed to participate in meetings telephonically.**

**This regular meeting of the San Elijo Joint Powers Authority can be accessed using the phone number listed below:**

**Dial-In Phone Number: 669-900-9128 Meeting ID: 987 9470 7504**

**Public Comments (including oral communication and agenda item related topics must be submitted via email to hackneyv@sejpa.org not later than 7:30 a.m. the day of the meeting, April 20, 2021. These comments will be read into the record during the oral communications. Please include your name, address, group affiliation, subject, and question or comment in your email.**

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1. CALL TO ORDER
2. ROLL CALL
3. PLEDGE OF ALLEGIANCE
4. ORAL COMMUNICATIONS (NON-ACTION ITEM)
5. AWARDS AND RECOGNITION
6. * **CONSENT CALENDAR**
7. * APPROVAL OF MINUTES FOR MARCH 16, 2021 MEETING
8. * APPROVAL FOR PAYMENT OF WARRANTS AND MONTHLY INVESTMENT REPORTS
9. * WASTEWATER TREATMENT REPORT
10. * RECYCLED WATER REPORT
11. * APPROVE FERRIC CHLORIDE PURCHASE AGREEMENT EXTENSION
12. * ITEMS REMOVED FROM CONSENT CALENDAR

*Items on the Consent Calendar are routine matters and there will be no discussion unless an item is removed from the Consent Calendar. Items removed by a "Request to Speak" form from the public will be handled immediately following adoption of the Consent Calendar. Items removed by a Board Member will be handled as directed by the Board.*

## REGULAR AGENDA

13. SAN ELIJO JOINT POWERS AUTHORITY FISCAL YEAR 2021-22 RECOMMENDED BUDGET

    1. Review the Fiscal Year 2021-22 Recommended Budget;

    2. Provide direction to staff regarding a transition from a one-year budget document to a two-year document; and

    3. Discuss and take action as appropriate.

    Staff Reference: General Manager

14. PHASE 2 STORMWATER CAPTURE AND REUSE – GRANT AWARD

    1. Approve Resolution 2021-03 of the Board of Directors of the San Elijo Joint Powers Authority to Authorize Entering into a Funding Agreement with the State Water Resources Control Board and Authorizing and Designating Michael T. Thornton as Project Director for the Phase 2 Stormwater Capture and Reuse Project; and

    2. Discuss and take action as appropriate.

    Staff Reference: General Manager

15. DRAFT RECYCLED WATER COST OF SERVICE STUDY AND PROPOSED WHOLESALE RATE INCREASE AND RESERVE POLICY

    No action requires. The presentation of the Draft Recycled Water Cost of Service Study and proposed wholesale rate increase and reserve policy is for information only.

    Staff Reference: General Manager

16. GENERAL MANAGER'S REPORT

    *Informational report by the General Manager on items not requiring Board action.*

17. GENERAL COUNSEL'S REPORT

    *Informational report by the General Counsel on items not requiring Board action.*

18. BOARD MEMBER COMMENTS

    *This item is placed on the agenda to allow individual Board Members to briefly convey information to the Board or public, or to request staff to place a matter on a future agenda and/or report back on any matter. There is no discussion or action taken on comments by Board Members.*

19. CLOSED SESSION

*The Board will adjourn to Closed Session to discuss item(s) identified below. Closed Session is not open to the public; however, an opportunity will be provided at this time if members of the public would like to comment on any item listed below. (Three-minute limit.) A closed session may be held at any time during this meeting of the San Elijo Joint Powers Authority for the purposes of discussing potential or pending litigation or other appropriate matters pursuant to the "Ralph M. Brown Act".*

20. ADJOURNMENT

The next regularly scheduled San Elijo Joint Powers Authority Board Meeting will be Tuesday, May 18, 2021 at 8:30 a.m.

*NOTICE:*

The San Elijo Joint Powers Authority's open and public meetings comply with the protections and prohibitions contained in Section 202 of the Americans With Disabilities Act of 1990 (42 U.S.C Section 12132), and the federal rules and regulations adopted in implementation thereof. Any person with a disability who requires a modification or accommodation, including auxiliary aids or services, in order to participate in a public meeting of the SEJPA Board of Directors may request such modification or accommodation from Michael T. Thornton, General Manager, (760) 753-6203 ext. 72.

The agenda package and materials related to an agenda item submitted after the packet's distribution to the Board is available for public review in the lobby of the SEJPA Administrative Office during normal business hours. Agendas and minutes are available at www.sejpa.org. The SEJPA Board meetings are held on the third Tuesday of each month, with no scheduled meetings in August.

AFFIDAVIT OF POSTING

I, Michael T. Thornton, Secretary of the San Elijo Joint Powers Authority, hereby certify that I posted, or have caused to be posted, a copy of the foregoing agenda in the following locations:

San Elijo Water Campus, 2695 Manchester Avenue, Cardiff, California
City of Encinitas, 505 South Vulcan Avenue, Encinitas, California
City of Solana Beach, 635 South Highway 101, Solana Beach, California

The notice was posted at least 72 hours prior to the meeting, in accordance with Government Code Section 54954.2(a).

Date: April 15, 2021

Michael T. Thornton, P.E.
Secretary / General Manager

SAN ELIJO JOINT POWERS AUTHORITY
MINUTES OF THE BOARD MEETING
HELD ON MARCH 16, 2021
VIA VIDEO CONFERENCE

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Kristi Becker, Chair — Kellie Hinze, Vice Chair

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A meeting of the Board of Directors of San Elijo Joint Powers Authority (SEJPA) was held Tuesday, March 16, 2021, at 8:30 a.m., via a public web conference.

1. CALL TO ORDER

Chair Becker called the meeting to order at 8:30 a.m.

2. ROLL CALL

| | |
|---|---|
| *Directors Present:* | Kristi Becker<br>Kellie Hinze<br>Catherine Blakespear<br>David Zito |
| *Directors Absent:* | None |
| *Others Present:* | |
| General Manager | Michael Thornton |
| Director of Operations | Chris Trees |
| Director of Finance and Administration | Amy Chang |
| Administrative Coordinator | Vanessa Hackney |
| Senior Project Manager | Mike Konicke |
| *SEJPA Counsel:* | |
| Procopio, Cory, Hargreaves & Savitch | Adriana Ochoa |
| *City of Encinitas:* | |
| Assistant City Manager | Mark Delin |
| Assistant Director/Assistant General Manager | Isam Hireish |
| *City of Solana Beach:* | |
| City Manager | Greg Wade |
| Director of Engineering/Public Works | Mohammad “Mo” Sammak |

3. PLEDGE OF ALLEGIANCE

General Manager Thornton led the Pledge of Allegiance.

4. ORAL COMMUNICATION

None.

5. AWARDS AND RECOGNITION

Scott Best, Operator II, 5 Years of Service
Carrie Cook, Accounting Technician III, 15 Years of Service

6. CONSENT CALENDAR

Moved by Board Member Blakespear and seconded by Board Member Zito to approve the Consent Calendar.

| | |
|---|---|
| Agenda Item No. 7 | Approval of Minutes for the February 16, 2021 Meeting |
| Agenda Item No. 8 | Approval for Payment of Warrants and Monthly Investment Report |
| Agenda Item No. 9 | Wastewater Treatment Report |
| Agenda Item No. 10 | Recycled Water Report |

Motion carried with the following vote of approval:

| | |
|---|---|
| AYES: | Becker, Hinze, Zito, Blakespear |
| NOES | None |
| ABSENT: | None |
| ABSTAIN: | None |

12. RECYCLED WATER COST OF SERVICE AND CAPITAL IMPROVEMENT PLAN (CIP) WORKSHOP

General Manager Thornton stated, SEJPA retained Carollo Engineers (Carollo) to conduct this 2021 Recycled Water Rate Study (Study). The purpose of this Study is to assess SEJPA's current recycled water wholesale rates, financial metrics, and recycled water demands and provide rate recommendations starting with FYE 2022 through 2026.

Based on a review of our water purveyor's reserve policies and in order to establish prudent financial management, staff is considering that reserves be established for Operating, Debt Service, Rate Stabilization, and Capital Improvement and Replacement. Staff is working with our consultant to develop a reserve policy for the Board's consideration at a future meeting.

The budgetary value for the 10-Year CIP is 10.7 million, based on planning level information. As the scope and definition of each project is developed, staff will present the information to the Board for approval consideration. Gaining Board consensus on the 10-Year CIP will help ensure adequate funding is identified in the cost-of-service study as well as within future rate reserves as desired by the Board.

This workshop is intended to provide discussion and direction for staff in the preparation of the draft cost-of-service study and capital planning for the SEJPA recycled water utility. The final cost-of-service study will consider current and future operating expenses, debt, repair, replacement, and other capital expenses, and a recommended program reserve policy in the development of recycled water rates for the next three to five years.

13. GENERAL MANAGER'S REPORT

General Manager Thornton reported that San Elijo has received the first payment from Caltrans for cost reimbursement for the multi-use bike path in the amount of $1.6 million. General Manager Thornton also stated that staff is near completion on the Recycled Water Cost of Service Study and plan to present the findings at the March Board Meeting.

14. GENERAL COUNSEL'S REPORT

None.

15. BOARD MEMBER COMMENTS

None.

16. CLOSED SESSION

None.

17. ADJOURNMENT

The meeting adjourned at 9:17 a.m. The next Board of Directors meeting is scheduled to be held on Tuesday, April 20, 2021 at 8:30 a.m.

Respectfully submitted,

Michael T. Thornton, P.E.
General Manager

**SAN ELIJO JOINT POWERS AUTHORITY**
**PAYMENT OF WARRANTS**
**21-04**
**For the Month of March 2021**

| Warrant # | Vendor Name | G/L Account | Warrant Description | Amount |
|---|---|---|---|---|
| 39426 | Allied Storage Containers | Equipment Rental/Lease | Storage container rental | $ 274.76 |
| 39427 | Susana Arredondo | Supplies - Laboratory | Employee reimbursement - Laboratory supplies | 343.20 |
| 39428 | AT&T | Utilities - Telephone | Alarm service - Mar | 453.31 |
| 39429 | Boot World, Inc. | Uniforms - Boots | Employee reimbursement - Safety boots (1) | 184.22 |
| 39430 | Brenntag Pacific, Inc | Supplies - Chem - Odor | Sodium hydroxide | 1,969.62 |
| 39431 | BrightView Landscapes | Services - Landscape | Mar | 2,782.00 |
| 39432 | California Water Technologies | Supplies - Chem - Ferric Chlo | Ferric chloride | 5,347.40 |
| 39433 | Carollo Engineers | Services - Professional & Engineering | RW distribution systems valve replacement, RW cost of service rate study | 8,732.00 |
| 39434 | Corodata | Rent | Record storage - Feb | 98.02 |
| 39435 | County of San Diego | Fees - Permits | Olivenhain sewer pump station | 229.50 |
| 39436 | EDCO Waste & Recycling Service | Utilities - Trash | Feb | 265.16 |
| 39437 | City of Encinitas | Fees - Permits | Fire prevention mitigation | 10,818.60 |
| 39438 | City of Encinitas | Service - IT Support | Admin network - Mar | 7,956.75 |
| 39439 | City of Encinitas | Licenses | Zoom | 39.98 |
| 39440 | City of Encinitas | Licenses | Duo | 30.00 |
| 39441 | Eurofins Calscience, LLC | Services - Laboratory | Testing water samples | 2,006.00 |
| 39442 | Forte of San Diego | Supplies & Services - Janitorial | Apr | 1,509.13 |
| 39443 | Unifirst First Aid Corp | Supplies - Safety | First aid supplies | 151.99 |
| 39444 | GLS US | Postage/Shipping | Shipping fee for water samples | 41.05 |
| 39445 | GC Pivotal LLC | Utilities - Internet | T-1 Service - Apr | 355.24 |
| 39446 | Lawson Products Inc. | Supplies - Shop & Field | Industrial hardware | 141.77 |
| 39447 | Lee's Lock & Safe | Services - Maintenance | Adjust rod length | 269.13 |
| 39448 | Liquid Environmental Solution | Services - Grit & Screenings | Roll off box delivery | 1,250.00 |
| 39449 | McMaster-Carr Supply Co. | Repair Parts Expense | Industrial hardware | 329.65 |
| 39450 | MetLife - Group Benefits | Dental/Vision | Dental - Mar | 2,235.10 |
| 39451 | Napa Auto Parts | Vehicle Maintenance | Battery, core deposit | 173.38 |
| 39452 | Nobel Systems | Licenses | GIS annual contract | 11,400.00 |
| 39453 | Olivenhain Municipal Water Dis | Rent and Services - Lobbying | Pipeline rental payment - Feb and lobbying cost share | 5,783.33 |
| 39454 | ProBuild Company, LLC | COVID19-Supplies-Equipment | COVID-19 supplies | 439.58 |
| 39455 | RSF Security Systems | Services - Alarm | Security - 03/01/21 - 05/31/21 | 1,455.00 |
| 39456 | Santa Fe Irrigation District | Utilities - Water | Water & recycled water | 342.73 |
| 39457 | Santa Fe Irrigation District | SFID Distribution Pipeline | Pipeline payment - Feb | 779.96 |
| 39458 | San Dieguito Water District | Utilities - Water (Suppl.) | Water | 683.21 |
| 39459 | San Dieguito Water District | Utilities - Water | Recycled water | 1,310.99 |
| 39460 | Terminix Processing Center | Services - Maintenance | Feb | 466.00 |
| 39461 | Test America | Services - Laboratory | Testing water samples | 786.50 |
| 39462 | Unifirst Corporation | Services - Uniforms | Uniform service | 290.87 |
| 39463 | Underground Service Alert/SC | Services - Alarm | Safe excavation board and dig alert - Feb | 237.49 |
| 39464 | USA Bluebook | Shop Tools and Equip. and Supplies - Lab | Various supplies | 561.68 |
| 39465 | Vanessa Hackney | Supplies - Laboratory & Office | Employee reimbursement - Supplies | 74.45 |
| 39466 | Vantagepoint Transfer Agents | EE Deduction Benefits | ICMA - 457 | 6,877.54 |
| 39467 | Vantagepoint Transfer Agents | ICMA Retirement | ICMA - 401a | 4,116.43 |
| 39468 | Vaughn Irrigation Services, In | Services - Maintenance | Solenoid coil valve repair | 539.86 |
| 39469 | Verizon Wireless | Utilities - Telephone | Cell phone service - 01/08/21--2/07/21 | 1,076.72 |
| 39470 | Volt Management Corp | Services - Temp | Internship program - 02/12/21 to 2/26/21 | 2,846.22 |
| 39471 | VWR International, Inc. | Shop Tools and Equip. | Nylon brushes | 17.26 |
| 39472 | WM Corporate Services, Inc. | Services - Grit & Screenings | 10 yd rolloff - 02/01/21-02/28/21 | 7,865.80 |
| 39473 | Housing &Community Development | Licenses | Licenses for Administration Building | 42.00 |
| 39474 | American Backflow | Dues & Memberships | Membership - M. Piper | 80.00 |
| 39475 | Applied Best Practices, LLC | Services - Accounting | Bond disclosure reporting - FY17/18, FY18/19, FY19/20 | 770.00 |
| 39476 | Aquatic Bioassay | Services - Laboratory | Toxicity testing | 2,100.00 |
| 39477 | AT&T | Utilities - Telephone | Phone service - 02/13/21 - 03/12/21 | 450.55 |
| 39478 | Atlas | Services - Engineering | WCI project | 21,022.00 |
| 39479 | Black & Veatch | Services - Engineering | Solids treatment process | 24,450.00 |
| 39480 | Brax Process and Pump Equip. | Repair Parts Expense | Oil economizer | 4,283.06 |
| 39481 | Burns & McDonnell Engineering | Services - Professional | Phase 2 stormwater capture concept design | 4,102.86 |
| 39482 | California Boiler | Services - Maintenance | Boiler combustion analysis and tuning | 2,425.00 |
| 39483 | Carollo Engineers | Services - Professional & Engineering | RW distribution systems valve replacement, RW cost of service rate study | 8,388.50 |
| 39484 | County of San Diego | Fees - Permits | APCD permit renewal | 460.00 |
| 39485 | County of San Diego | Fees - Permits | APCD permit renewal | 460.00 |
| 39486 | County of San Diego | Fees - Permits | APCD permit renewal | 1,032.00 |
| 39487 | County of San Diego | Fees - Permits | APCD permit renewal | 1,032.00 |
| 39488 | CSMFO | Seminars/Education | 2021 annual conference - A. Chang | 330.00 |
| 39489 | CWEA Membership | Dues & Memberships | Membership - S. Arredondo | 106.00 |
| 39490 | CWEA | Dues & Memberships | Certificate - Mech Tech 3 - J. Garcia | 101.00 |
| 39491 | Denali Water Solutions LLC | Services - Biosolids Hauling | Feb | 16,068.56 |
| 39492 | ERA | Services - Laboratory | Various supplies | 325.35 |
| 39493 | Eurofins Calscience, LLC | Services - Laboratory | Testing water samples | 2,179.00 |
| 39494 | Flo-Systems, Inc. | Repair Parts Expense | Hidrostal pump | 4,875.90 |
| 39495 | Grainger, Inc. | Repair Parts Expense | Various repair parts | 372.49 |
| 39496 | Harbor Freight Tools | Shop Tools and Equip. | Various tools | 757.80 |
| 39497 | Hardy Diagnostics | Supplies - Laboratory | Various supplies | 1,348.52 |
| 39498 | Harrington Industrial Plastics | Repair Parts Expense | Adapters, radar level transmitter | 1,983.62 |
| 39499 | HASA Inc. | Supplies - Chemicals | Muriatic acid | 859.19 |
| 39500 | Idexx Distribution,Inc. | Supplies - Laboratory | Various supplies | 1,459.81 |
| 39501 | IWater, Inc. | Services - Maintenance | Valve turning program, recycled water system | 9,150.00 |
| 39502 | Lawson Products Inc. | Supplies - Shop & Field | Industrial hardware | 174.37 |
| 39503 | Liquid Environmental Solution | Services - Grease & Scum | Grease and scum pumping | 277.44 |
| 39504 | Marine Taxonomic Services, LTD | Services - Contractors | Water quality monitoring | 2,390.00 |
| 39505 | McMaster-Carr Supply Co. | Supplies - Shop & Field and Repair Parts Expense | Industrial hardware | 2,971.31 |
| 39506 | MetLife - Group Benefits | Dental/Vision | Dental - Apr | 2,235.10 |
| 39507 | Mile3 Web Development, Inc. | Services - Professional | Web hosting, management, and support | 17,999.00 |
| 39508 | MISCOWATER | Repair Parts Expense | Rotor cover, cap, and clutch bottom repair | 762.68 |
| 39509 | MW Peltz & Associates, Inc. | Services - Professional | WCI project | 20,000.00 |
| 39510 | Olin Corp - Chlor Alkali | Supplies - Chem - Sodium Hypo | Sodium hypochlorite | 3,834.71 |
| 39511 | PCL Construction Services PCL | Services - Contractors | WCI project | 999,215.97 |
| 39512 | Void | | | - |
| 39513 | Preferred Benefit Insurance | Dental/Vision | Vision - Mar | 322.30 |
| 39514 | ProBuild Company, LLC | Supplies - Shop & Field | Various shop supplies | 651.62 |
| 39515 | Procopio Cory Hargreaves | Services - Legal | Legal service fees - Feb | 3,514.50 |
| 39516 | ReadyRefresh | Supplies - Laboratory | Kitchen and lab supplies | 616.18 |
| 39517 | Rusty Wallis, Inc. | Services - Maintenance | Water softener, tank service, and salt bags | 176.12 |

**SAN ELIJO JOINT POWERS AUTHORITY**
**PAYMENT OF WARRANTS**
**21-04**
**For the Month of March 2021**

| Warrant # | Vendor Name | G/L Account | Warrant Description | Amount |
|---|---|---|---|---|
| 39518 | Sage Energy Consulting | Services - Professional | WCI project | 1,888.75 |
| 39519 | Santa Fe Irrigation District | Utilities - Water | Water | 82.85 |
| 39520 | San Diego County Recorder | Fees - Permits | Recording fees | 98.00 |
| 39521 | Void | | | - |
| 39522 | San Dieguito Water District | Utilities - Water | Recycled water | 233.06 |
| 39523 | Void | | | - |
| 39524 | Thatcher Company of California | Supplies - Chemicals | Aluminum sulfate | 5,952.63 |
| 39525 | Technology Integration Group | Services - Maintenance | Copier | 62.76 |
| 39526 | U.S. CAD | Licenses | Revu eXtreme | 2,598.00 |
| 39527 | Unifirst Corporation | Services - Uniforms | Uniform service | 105.88 |
| 39528 | United Laboratories | Supplies - Shop & Field | Various supplies | 232.73 |
| 39529 | UPS | Postage/Shipping | Parts shipping fee | 183.92 |
| 39530 | USA Bluebook | Supplies - Laboratory, Shop, Office | Various tools and supplies | 11,605.86 |
| 39531 | Vantagepoint Transfer Agents | EE Deduction Benefits | ICMA - 457 | 6,895.18 |
| 39532 | Vantagepoint Transfer Agents | ICMA Retirement | ICMA - 401a | 4,144.16 |
| 39533 | Verizon Wireless | Utilities - Telephone | 02/11/21 - 03/10/21 | 408.56 |
| 39534 | Verizon Wireless | Utilities - Telephone | Cell phone service - 02/08/21 - 03/07/21 | 1,077.14 |
| 39535 | Volt Management Corp | Services - Temp | Internship program - 11/16/20 to 03/12/21 | 4,551.83 |
| 39536 | WageWorks | Payroll Processing Fees | Admin and compliance fees - Feb | 134.00 |
| 39537 | WorkPartners Occupational | Services - Medical | COVID-19 testing | 380.00 |
| On-line 496 | Aflac | EE Deduction Benefits | Aflac - Mar | 417.84 |
| On-line 497 | BankCard Center | COVID19-Supplies-Equipment | Various shop and office supplies | 14,823.26 |
| On-line 498 | Fuelman | Fuel | Feb | 917.60 |
| On-line 499 | Home Depot Credit Services | COVID19-Supplies-Equipment | Tools, safety supplies, and parts | 553.29 |
| On-line 500 | P.E.R.S. | Medical Insurance - Pers | Health - Mar | 25,498.61 |
| On-line 501 | Public Employees- Retirement | Retirement Plan - PERS | Retirement - 02/20/21 - 03/05/21 | 16,194.06 |
| On-line 502 | Public Employees- Retirement | Retirement Plan - PERS | Retirement - 03/06/21 - 03/19/21 | 16,287.33 |
| On-line 503 | San Diego Gas & Electric | Utilities - Gas & Electric | Gas and electric - 01/07/21 - 02/07/21 | 49,565.74 |
| On-line 504 | Board of Equalization | Accrued Sales Tax Payable | Sales tax - 10/01/20 - 12/31/20 | 585.00 |
| | San Elijo Payroll Account | Payroll | Payroll - 03/12/2021 | 80,633.24 |
| | San Elijo Payroll Account | Payroll | Payroll - 03/26/2021 | 99,837.13 |
| | | | | $ 1,608,043.50 |

SAN ELIJO JOINT POWERS AUTHORITY

PAYMENT OF WARRANTS SUMMARY

**For the Month of March 2021**
**As of March 31, 2021**

| | | |
|---|---|---|
| PAYMENT OF WARRANTS | | $ 1,608,043.50 |
| Reference Number | 21-04 | |

I hereby certify that the demands listed and covered by warrants are correct and just to the best of my knowledge, and that the money is available in the proper funds to pay these demands. The cash flows of the SEJPA, including the Member Agency commitment in their operating budgets to support the operations of the SEJPA, are expected to be adequate to meet the SEJPA's obligations over the next six months. I also certify that the SEJPA's investment portfolio complies with the SEJPA's investment policy.

Amy Chang
Director of Finance & Administration

STATEMENT OF FUNDS AVAILABLE FOR PAYMENT OF WARRANTS
AND INVESTMENT INFORMATION
As of March 31, 2021

| FUNDS ON DEPOSIT WITH | | AMOUNT |
|---|---|---|
| **LOCAL AGENCY INVESTMENT FUND** | | |
| *(MARCH 2021 YIELD 0.357%)* | | |
| RESTRICTED SRF RESERVE | $ | - |
| UNRESTRICTED DEPOSITS | | 14,344,222.93 |
| **CALIFORNIA BANK AND TRUST** | | |
| *(MARCH 2021 YIELD 0.01%)* | | |
| REGULAR CHECKING | | 887,826.06 |
| PAYROLL CHECKING | | 5,000.00 |
| **UNION BANK - TRUSTEE (BOND FUNDS)** | | |
| BLACKROCK | | 791.13 |
| *(MARCH 2021 YIELD 0.03%)* | | |
| LAIF | | 2,732,156.01 |
| *(MARCH 2021 YIELD 0.357%)* | | |
| **PARS - TRUSTEE (POST-EMPLOYMENT BENEFITS TRUST)** | | 327,360.24 |
| *(FEBRUARY 2021 YIELD 1.6%)* | | |
| **TOTAL RESOURCES** | $ | 18,297,356.37 |

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AGENDA ITEM NO. 9

SAN ELIJO JOINT POWERS AUTHORITY
MEMORANDUM

April 20, 2021

TO: Board of Directors
San Elijo Joint Powers Authority

FROM: General Manager

SUBJECT: WASTEWATER TREATMENT REPORT

RECOMMENDATION

No action required. This memorandum is submitted for information only.

DISCUSSION

Monthly Treatment Plant Performance and Evaluation

Wastewater treatment for the San Elijo Joint Powers Authority (SEJPA) met all National Pollutant Discharge Elimination System (NPDES) ocean effluent limitation requirements for the month of February 2021. The primary indicators of treatment performance include the removal of Carbonaceous Biochemical Oxygen Demand (CBOD) and Total Suspended Solids (TSS). The SEJPA is required to remove a minimum of 85 percent of the CBOD and TSS from the wastewater. Treatment levels for **CBOD** and **TSS** were **98.4** and **98.8** percent removal, respectively, during the month of February.

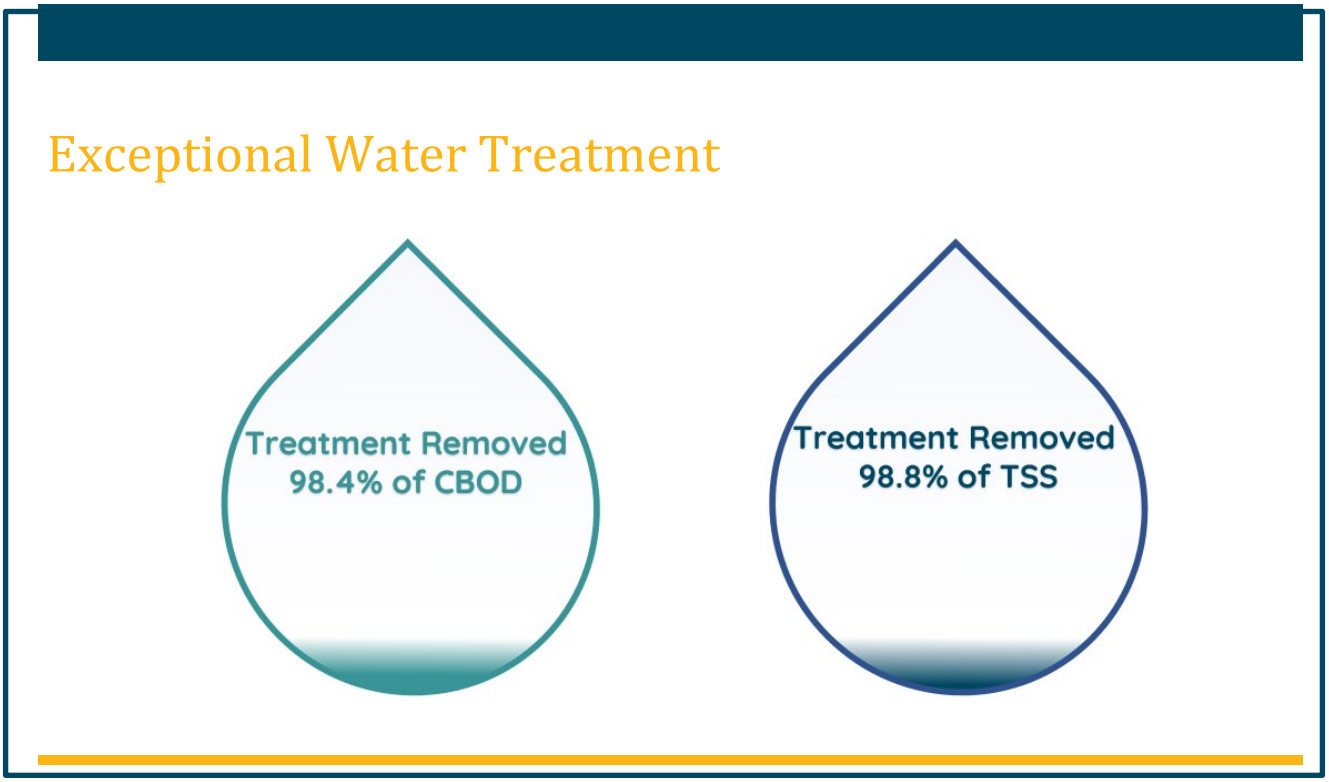
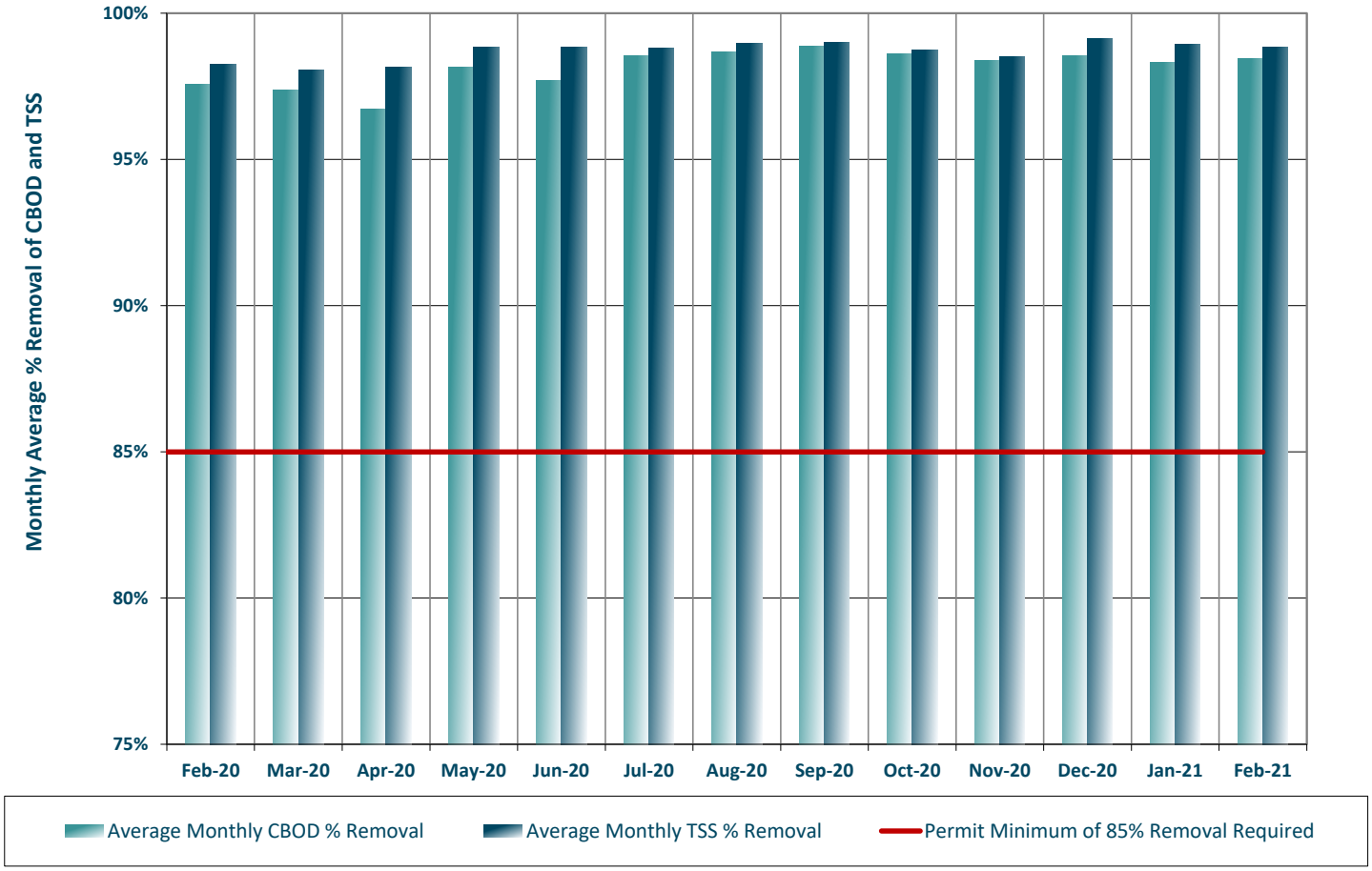


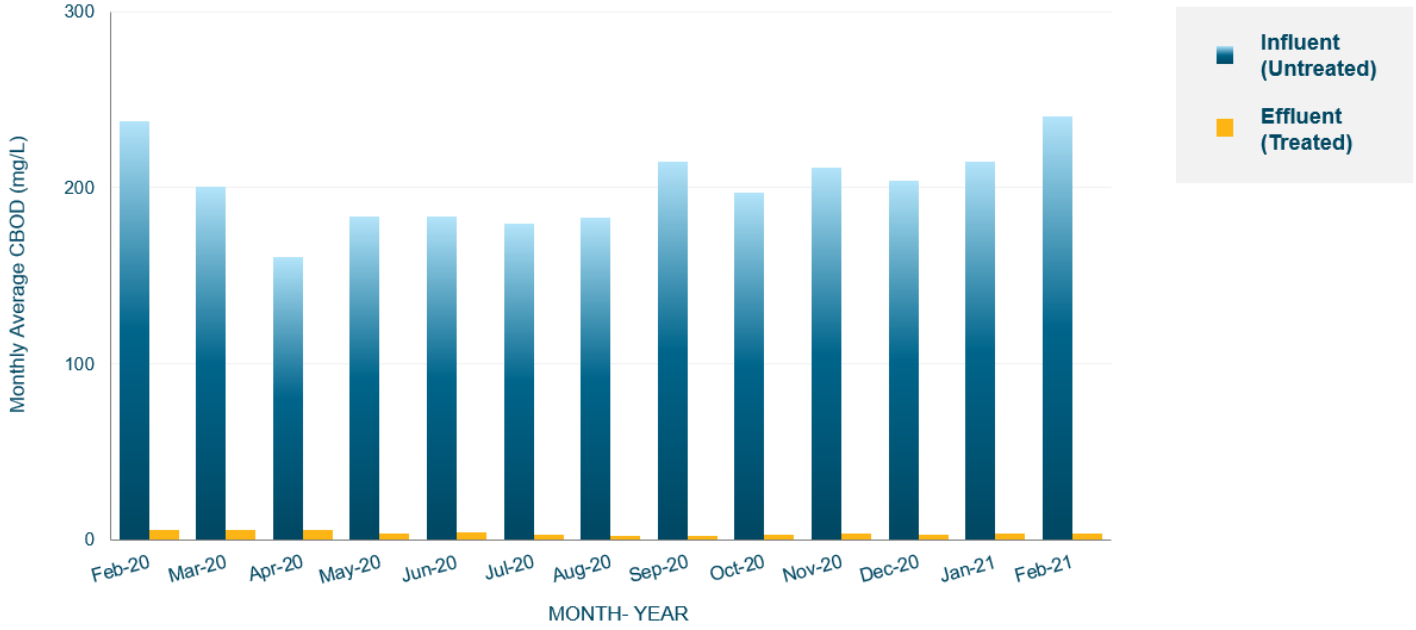
Figure 1 (below) shows historic treatment performance trends for the removal of CBOD and TSS over the last 13 months compared to the permit minimum removal requirement of 85%.

**Figure 1: Wastewater Treatment Performance of the SEJPA % Removal of Carbonaceous Biochemical Oxygen Demand (CBOD) and Total Suspended Solids (TSS)**

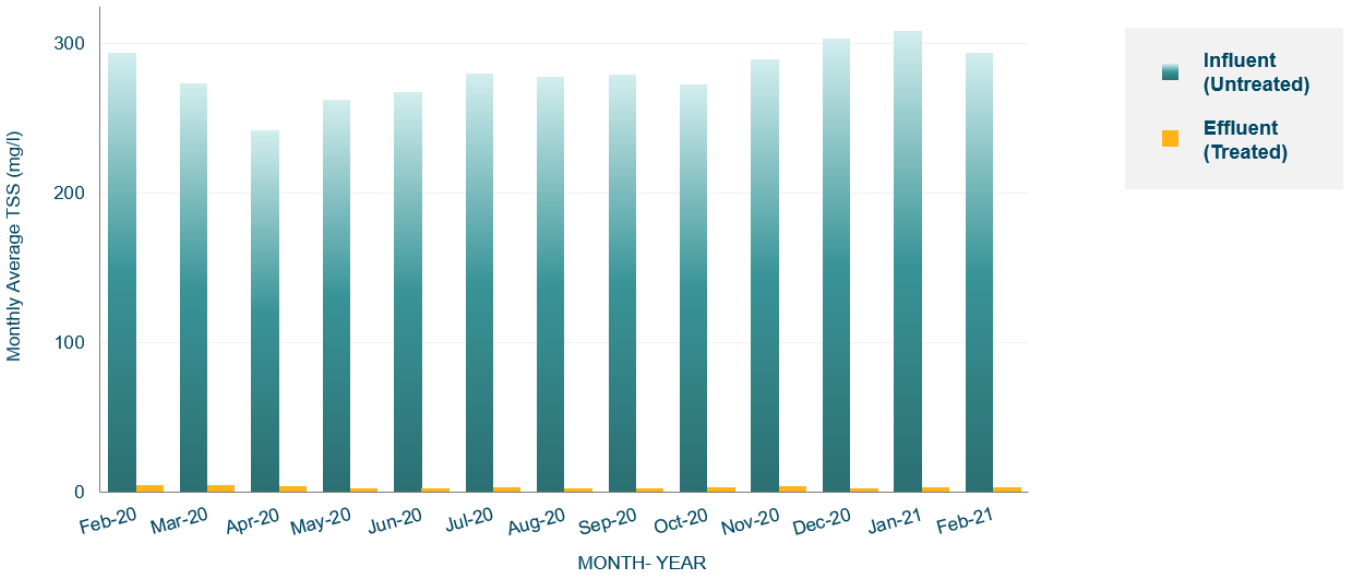


Figures 2 and 3 (below) show historic influent vs effluent CBOD and TSS concentration fluctuations in the strength of the wastewater being received and discharged by the SEJPA. Rain events often result in rainwater entering into the sewer system which can dilute both CBOD and TSS.

## FIGURE 2: TREATED EFFLUENT FLOWS REMOVAL OF CBOD




## FIGURE 3: TREATED EFFLUENT FLOWS REMOVAL OF TSS



Member Agency Flows

Table 1 (below) presents the influent and effluent flows for the month of February. Average daily influent flows were recorded for each Member Agency. Total effluent flow was calculated for the San Elijo Water Campus.

**TABLE 1 – INFLUENT AND EFFLUENT FLOWS IN FEBRUARY**

| FEBRUARY | | | |
|---|---|---|---|
| | Influent (mgd) | Recycled Water (mgd) | Effluent (mgd)* |
| Cardiff Sanitary Division | 1.224 | 0.486 | 0.738 |
| City of Solana Beach | 0.926 | 0.368 | 0.558 |
| Rancho Santa Fe SID | 0.151 | 0.060 | 0.091 |
| City of Del Mar | 0.306 | 0.121 | 0.185 |
| Total San Elijo Water Campus Flow | 2.607 | 1.035 | 1.572 |

* Effluent is calculated by subtracting the recycled water production from the influent wastewater.

Table 2 (below) presents the historical average and unit influent rates per month for each of the Member Agencies during the past 3 years. It also presents the number of connected Equivalent Dwelling Units (EDUs) for each of the Member Agencies during this same time period.

## TABLE 2 - SAN ELIJO WATER RECLAMATION FACILITY MONTHLY REPORT - FLOWS AND EDUS

| | AVERAGE DAILY INFLUENT FLOW RATE (MGD) | | | | | CONNECTED EDUs | | | | | AVERAGE UNIT INFLUENT FLOW RATE (GAL/EDU/DAY) | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| MONTH | CSD | RSF CSD | SB | DM | TOTAL PLANT | CSD EDUS | RSF CSD EDUS | SB EDUS | DM | TOTAL EDUS | CSD | RSF | SB | DM | TOTAL PLANT |
| Jan-18 | 1.276 | 0.125 | 1.015 | 0.000 | 2.416 | 8,435 | 555 | 8,061 | 1,716 | 18,767 | 151 | 225 | 126 | 0 | 142 |
| Feb-18 | 1.249 | 0.118 | 0.968 | 0.000 | 2.335 | 8,441 | 555 | 8,061 | 1,716 | 18,773 | 148 | 213 | 120 | 0 | 137 |
| Mar-18 | 1.265 | 0.122 | 0.922 | 0.039 | 2.348 | 8,451 | 555 | 8,061 | 1,716 | 18,782 | 150 | 220 | 114 | 149 | 125 |
| Apr-18 | 1.184 | 0.115 | 0.901 | 0.337 | 2.537 | 8,451 | 559 | 8,061 | 1,716 | 18,786 | 140 | 206 | 112 | 129 | 135 |
| May-18 | 1.173 | 0.119 | 0.890 | 0.376 | 2.558 | 8,461 | 562 | 8,061 | 1,716 | 18,799 | 139 | 212 | 110 | 144 | 136 |
| Jun-18 | 1.188 | 0.124 | 0.888 | 0.549 | 2.749 | 8,466 | 562 | 8,061 | 1,716 | 18,804 | 140 | 221 | 110 | 210 | 146 |
| Jul-18 | 1.193 | 0.118 | 0.933 | 0.537 | 2.781 | 8,478 | 562 | 8,083 | 2,611 | 19,733 | 141 | 210 | 115 | 206 | 141 |
| Aug-18 | 1.210 | 0.119 | 0.980 | 0.534 | 2.843 | 8,481 | 563 | 8,083 | 2,611 | 19,737 | 143 | 212 | 121 | 205 | 144 |
| Sep-18 | 1.230 | 0.117 | 0.905 | 0.341 | 2.593 | 8,481 | 563 | 8,083 | 2,611 | 19,737 | 145 | 208 | 112 | 131 | 131 |
| Oct-18 | 1.172 | 0.121 | 0.897 | 0.354 | 2.544 | 8,481 | 564 | 8,083 | 2,611 | 19,738 | 138 | 215 | 111 | 136 | 129 |
| Nov-18 | 1.173 | 0.121 | 0.906 | 0.064 | 2.264 | 8,488 | 565 | 8,083 | 2,611 | 19,746 | 138 | 214 | 112 | 136 | 129 |
| Dec-18 | 1.264 | 0.144 | 0.967 | 0.244 | 2.619 | 8,491 | 566 | 8,083 | 2,611 | 19,751 | 149 | 255 | 120 | 136 | 138 |
| Jan-19 | 1.269 | 0.153 | 0.975 | 0.384 | 2.781 | 8,491 | 566 | 8,083 | 2,611 | 19,751 | 149 | 271 | 121 | 147 | 141 |
| Feb-19 | 1.400 | 0.173 | 0.935 | 0.309 | 2.817 | 8,492 | 566 | 8,083 | 2,611 | 19,752 | 165 | 306 | 116 | 137 | 145 |
| Mar-19 | 1.200 | 0.149 | 0.908 | 0.340 | 2.597 | 8,493 | 568 | 8,083 | 2,611 | 19,755 | 141 | 263 | 112 | 132 | 132 |
| Apr-19 | 1.119 | 0.138 | 0.887 | 0.334 | 2.478 | 8,494 | 568 | 8,083 | 2,611 | 19,756 | 132 | 243 | 110 | 128 | 125 |
| May-19 | 1.125 | 0.133 | 0.880 | 0.361 | 2.499 | 8,494 | 568 | 8,083 | 2,611 | 19,756 | 132 | 234 | 109 | 138 | 126 |
| Jun-19 | 1.162 | 0.126 | 0.903 | 0.507 | 2.698 | 8,504 | 568 | 8,083 | 2,611 | 19,766 | 137 | 222 | 112 | 194 | 136 |
| Jul-19 | 1.127 | 0.128 | 0.924 | 0.546 | 2.725 | 8,504 | 568 | 8,083 | 2,611 | 19,766 | 133 | 226 | 114 | 209 | 138 |
| Aug-19 | 1.148 | 0.126 | 0.938 | 0.567 | 2.779 | 8,505 | 570 | 8,105 | 2,612 | 19,792 | 135 | 221 | 116 | 217 | 140 |
| Sep-19 | 1.131 | 0.132 | 0.918 | 0.393 | 2.574 | 8,507 | 570 | 8,105 | 2,612 | 19,794 | 133 | 232 | 113 | 150 | 130 |
| Oct-19 | 1.120 | 0.124 | 0.914 | 0.378 | 2.536 | 8,507 | 571 | 8,105 | 2,612 | 19,795 | 132 | 217 | 113 | 145 | 128 |
| Nov-19 | 1.230 | 0.137 | 0.927 | 0.437 | 2.731 | 8,510 | 571 | 8,105 | 2,612 | 19,798 | 145 | 240 | 114 | 172 | 138 |
| Dec-19 | 1.347 | 0.173 | 0.946 | 0.483 | 2.949 | 8,516 | 571 | 8,105 | 2,612 | 19,804 | 158 | 303 | 117 | 185 | 149 |
| Jan-20 | 1.194 | 0.163 | 0.917 | 0.410 | 2.684 | 8,517 | 571 | 8,105 | 2,612 | 19,805 | 140 | 286 | 113 | 157 | 136 |
| Feb-20 | 1.176 | 0.146 | 0.919 | 0.352 | 2.593 | 8,517 | 571 | 8,105 | 2,612 | 19,805 | 138 | 256 | 113 | 135 | 131 |
| Mar-20 | 1.432 | 0.185 | 0.907 | 0.389 | 2.913 | 8,519 | 572 | 8,105 | 2,612 | 19,808 | 168 | 324 | 112 | 149 | 147 |
| Apr-20 | 1.720 | 0.231 | 0.912 | 0.377 | 3.240 | 8,522 | 572 | 8,105 | 2,612 | 19,811 | 202 | 404 | 113 | 153 | 164 |
| May-20 | 1.293 | 0.158 | 0.853 | 0.304 | 2.608 | 8,523 | 573 | 8,105 | 2,612 | 19,813 | 152 | 276 | 105 | 133 | 132 |
| Jun-20 | 1.251 | 0.164 | 0.897 | 0.434 | 2.746 | 8,534 | 576 | 8,105 | 2,612 | 19,826 | 147 | 285 | 111 | 179 | 139 |
| Jul-20 | 1.231 | 0.157 | 0.937 | 0.548 | 2.873 | 8,535 | 576 | 8,110 | 2,616 | 19,837 | 144 | 273 | 116 | 222 | 145 |
| Aug-20 | 1.226 | 0.156 | 0.950 | 0.478 | 2.810 | 8,540 | 577 | 8,110 | 2,616 | 19,843 | 144 | 271 | 117 | 194 | 142 |
| Sep-20 | 1.225 | 0.151 | 0.956 | 0.362 | 2.694 | 8,540 | 578 | 8,110 | 2,616 | 19,844 | 143 | 261 | 118 | 146 | 136 |
| Oct-20 | 1.197 | 0.142 | 0.940 | 0.316 | 2.595 | 8,543 | 579 | 8,110 | 2,616 | 19,848 | 140 | 245 | 116 | 128 | 131 |
| Nov-20 | 1.200 | 0.142 | 0.927 | 0.341 | 2.610 | 8,543 | 579 | 8,110 | 2,616 | 19,848 | 140 | 245 | 114 | 138 | 131 |
| Dec-20 | 1.217 | 0.141 | 0.893 | 0.304 | 2.555 | 8,543 | 579 | 8,110 | 2,616 | 19,848 | 142 | 244 | 110 | 123 | 129 |
| Jan-21 | 1.238 | 0.150 | 0.909 | 0.323 | 2.620 | 8,543 | 579 | 8,110 | 2,616 | 19,848 | 145 | 259 | 112 | 129 | 132 |
| Feb-21 | 1.224 | 0.151 | 0.926 | 0.306 | 2.607 | 8,548 | 579 | 8,110 | 2,616 | 19,853 | 143 | 261 | 114 | 121 | 131 |

**CSD: Cardiff Sanitary Division**

**RSF CSD: Ranch Santa Fe Community Service District**

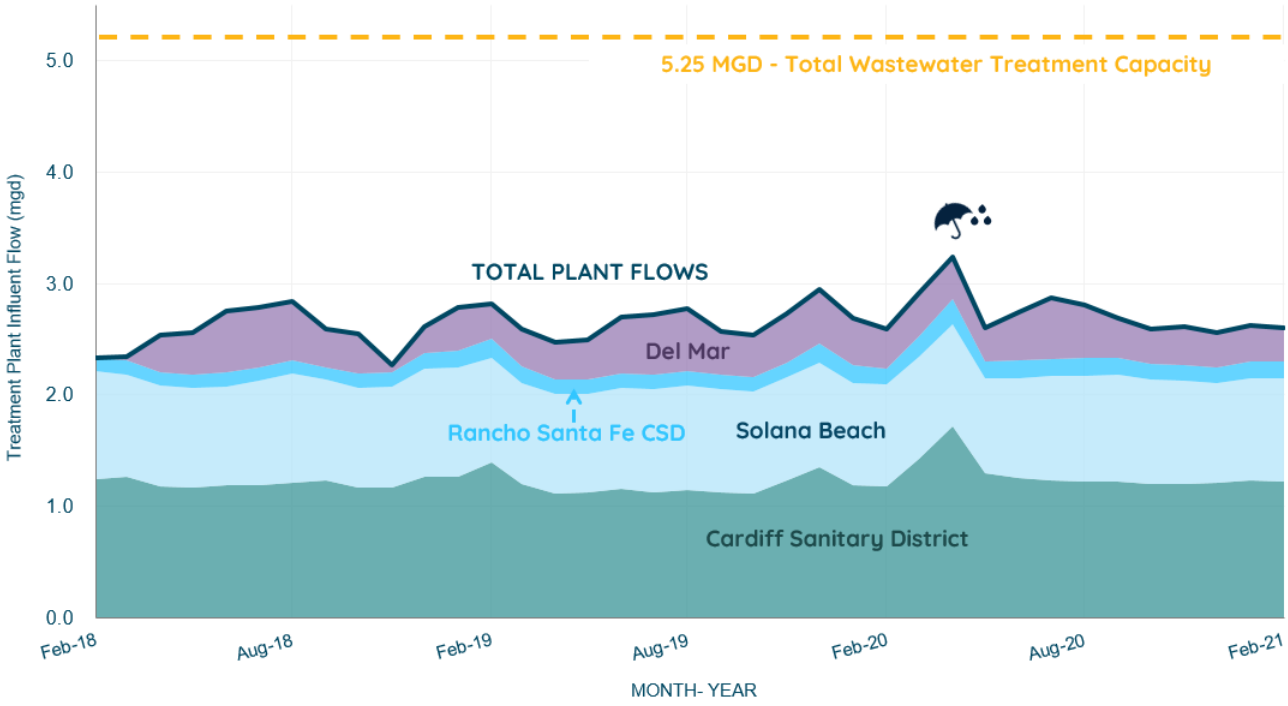
**SB: Solana Beach**

**DM: City of Del Mar**

**EDU: Equivalent Dwelling Unit**

Figure 4 (below) presents the 3-year historical average daily flows per month for each Member Agency. This is to provide a historical overview of the average flow treated for each agency. Also shown in Figure 4 is the total wastewater treatment capacity of the water campus, 5.25 mgd, of which each Member Agency has the right to 2.2 mgd, Rancho Santa Fe Community Service District leases 0.25 mgd, and the City of Del Mar leases 0.60 mgd.

**FIGURE 4: SEJPA AVERAGE DAILY FLOWS OVER THE PAST 3 YEARS**



City of Escondido Flows

The average and peak flow rate for the month of February 2021 from the City of Escondido's Hale Avenue Resource Recovery Facility, which discharges through the San Elijo Ocean Outfall, is reported below in Table 3.

TABLE 3 – CITY OF ESCONDIDO FLOWS

| | Flow (mgd) |
|---|---|
| Escondido (Average flow rate) | 10.9 |
| Escondido (Peak flow rate) | 18.3 |

Connected Equivalent Dwelling Units

The City of Solana Beach and the City of Del Mar updated the number of connected EDUs that is reported to the SEJPA in July 2020. The City of Encinitas and Rancho Santa Fe CSD report their connected EDUs every month. The number of EDUs connected for each of the Member Agencies and lease agencies is reported in Table 4 below.

TABLE 4 – CONNECTED EDUs BY AGENCY

| | Connected (EDU) |
|---|---|
| Cardiff Sanitary Division | 8,548 |
| Rancho Santa Fe SID | 579 |
| City of Solana Beach | 7,773 |
| San Diego (to Solana Beach) | 337 |
| City of Del Mar | 2,616 |
| Total EDUs to System | 19,853 |

Respectfully submitted,

Michael T. Thornton, P.E.
General Manager

*

AGENDA ITEM NO. 10

SAN ELIJO JOINT POWERS AUTHORITY
MEMORANDUM

April 20, 2021

TO: Board of Directors
San Elijo Joint Powers Authority

FROM: General Manager

SUBJECT: RECYCLED WATER REPORT

## RECOMMENDATION

No action required. This memorandum is submitted for information only.

## DISCUSSION

*Recycled Water Production*

For the month of February 2021, recycled water demand was 77.3 acre-feet (AF), which was met using 77.3 AF of recycled water and 0.0 AF supplementation with potable water.

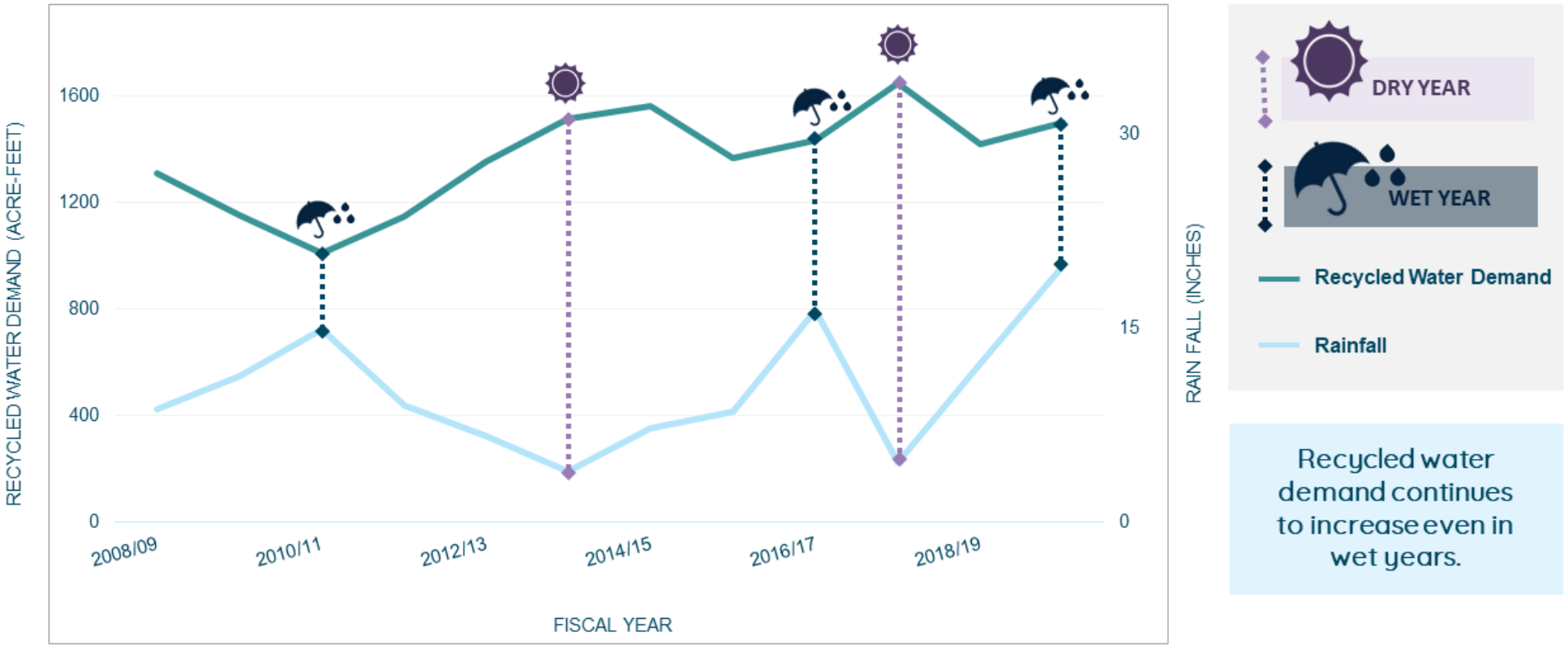
February demand was 26.8% above budget expectations of 61 AF due to the relatively warm, dry weather. The total water production for FY 2020-21 is 16% above budget for the first eight months.

Figure 1 (attached) provides a graphical view of annual recycled water demand spanning the last 10 fiscal years, with the overlay of annual rainfall. Since the recycled water program primarily serves outdoor irrigation, annual demand is reduced during wet periods and increases during times of drought. Figure 2 (attached) shows the monthly recycled water demand for each February for the last ten years to provide a year-over-year comparison. Figure 3 (attached) compares budget versus actual recycled water sales for FY 2020-21.

Respectfully submitted,

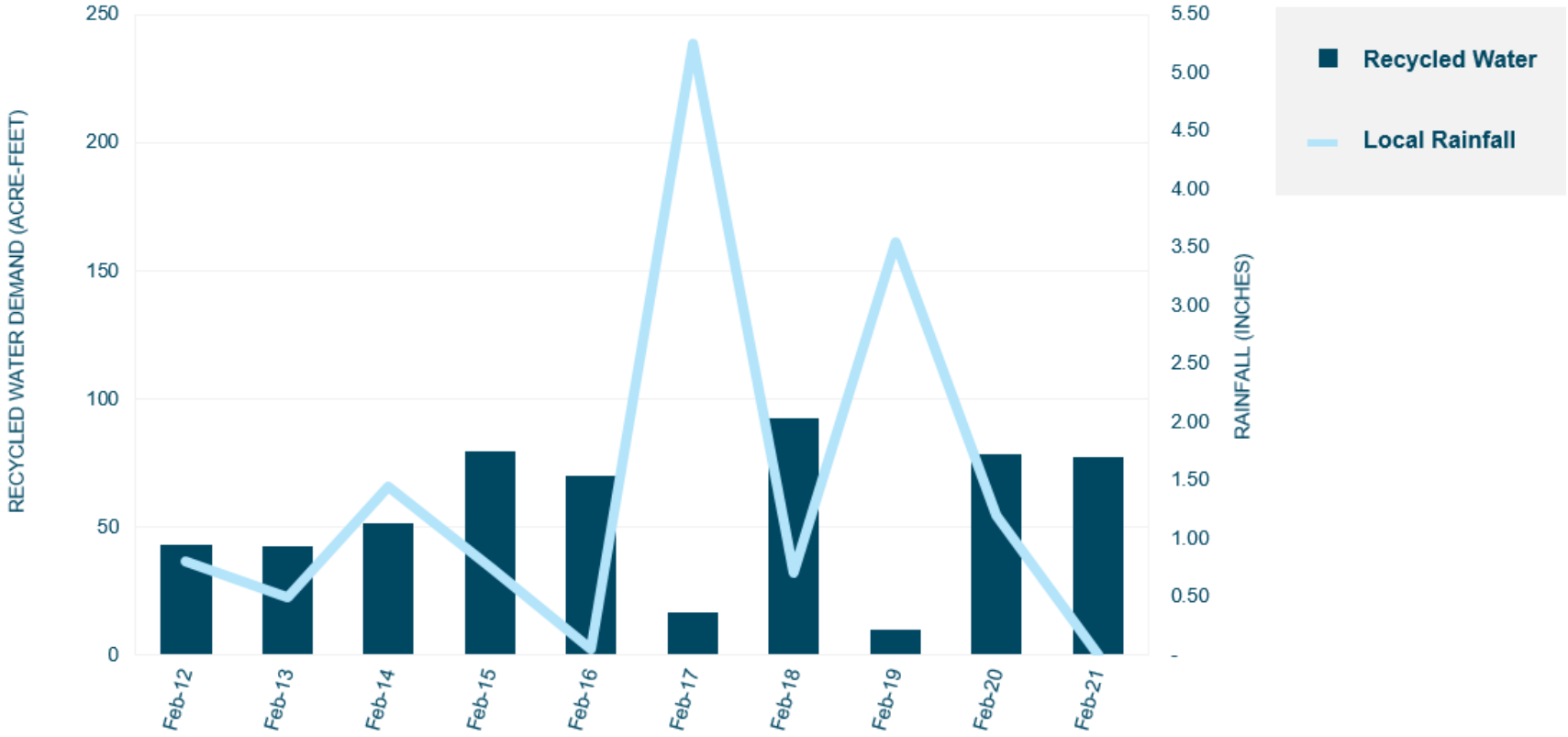
Michael T. Thornton, P.E.
General Manager

## FIGURE 1: RECYCLED WATER DEMAND AND RAINFALL COMPARISON

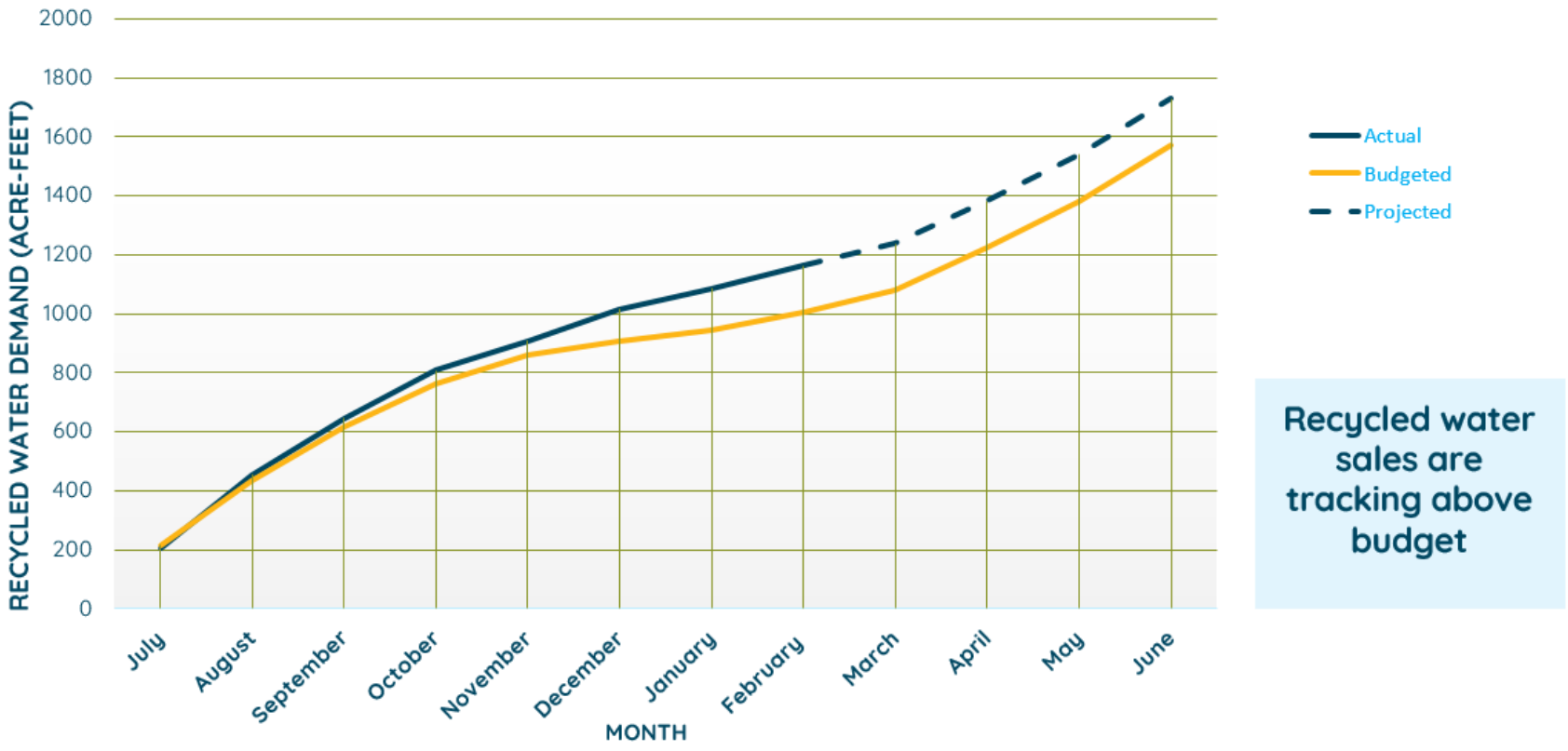



Recycled water demand continues to increase even in wet years.

## FIGURE 2: FEBRUARY RECYCLED WATER DEMAND



## FIGURE 3: FY2020/21 CUMULATIVE DEMAND VS BUDGET



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AGENDA ITEM NO. 11

SAN ELIJO JOINT POWERS AUTHORITY
MEMORANDUM

April 20, 2021

TO: Board of Directors
San Elijo Joint Powers Authority

FROM: General Manager

SUBJECT: APPROVE FERRIC CHLORIDE PURCHASE AGREEMENT EXTENTION

## RECOMMENDATION

It is recommended that the Board of Directors:

1. Authorize the General Manager to exercise the second optional 1-year service extension with California Water Technologies, LLC for the procurement of Ferric Chloride for an amount not to exceed $80,000; and

2. Discuss and take action as appropriate.

## BACKGROUND

San Elijo Joint Powers Authority (SEJPA) and Encina Wastewater Authority (EWA) operate similar facilities in north coastal San Diego County. Over the last several years, the agencies have partnered to identify opportunities to share resources, collaborate on mutual aid, and create efficiencies to reduce costs and improve service.

In 2016, 2018, and 2019, EWA and SEJPA were successful in partnering on opportunities to reduce cost through bulk purchasing of supplies and services. Staff identified two chemicals (Sodium Hypochlorite and Ferric Chloride) that are common to the operation of both agencies and that are purchased in large quantities, usually through multi-year contracts.

Staff worked with Procopio Cory Hargreaves & Savitch LLP to develop joint agency agreements for bulk purchasing of supplies and services. The agreements address purchasing terms and responsibilities of each agency, as well as liability, indemnification, and insurance requirements to reduce risk to all parties. EWA and SEJPA have found that jointly requesting bids and issuing separate supply contracts can be an efficient method of procurement and contract administration.

## DISCUSSION

EWA staff solicited bids for Ferric Chloride on May 7, 2019 and opened the bids on June 10, 2019. The initial 1-year contract was awarded to the low bidder, California Water Technologies

(CWT) at the July 8, 2019 Board meeting. The original bid documents outlined a 1-year term with two optional 1-year extensions. CWT successfully completed the first two-years of chemical service and SEJPA staff has engaged CWT to determine their interest in executing the final optional year of the agreement. CWT has offered to extend the contract for the final year at the same pricing terms of $630 per dry ton. This final option year will expire June 30, 2022.

FISCAL IMPACT

Funding for the proposed Ferric Chloride chemical purchase is budgeted at $80,000 in SEJPA's proposed Budget for FY 2021-22.

It is therefore recommended that the Board of Directors:

3. Authorize the General Manager to exercise the second optional 1-year service extension with California Water Technologies, LLC for the procurement of Ferric Chloride for an amount not to exceed $80,000;

4. Discuss and take action as appropriate.

Respectfully submitted,

Michael T. Thornton, P.E.
General Manager

Attachment 1: Amendment 2 to the Agreement between San Elijo Joint Powers Authority and California Water Technologies, LLC for the Procurement of Ferric Chloride

Attachment 2: Letter from CWT offering to extend the current pricing terms for 1-year

california water technologies LLC
8851 Dice Road Santa Fe Springs, CA 90670
Telephone: (866) 337-7427 Fax: (562) 698-6165

March 8, 2021

Mr. Christopher A. Trees, PE
San Elijo Joint Powers Authority
2695 Manchester Ave
Cardiff by the Sea, CA 92007

Re: Liquid Ferric Chloride

Dear Mr. Trees,
This letter is to confirm California Water Technologies agreement to renew the ferric chloride supply contract with the San Elijo Joint Powers Authority for another year. The effective dates of the renewal will be 7/1/21 – 6/30/22. The price remains the same at $630/ dry ton FeCl3 delivered.

We greatly appreciate your business and the opportunity to supply the San Elijo Joint Powers Authority with its ferric chloride requirements for another year.

Sincerely,

Craig Mikkelson
Vice President of Sales & Marketing
California Water Technologies

AGENDA ITEM NO. 13

SAN ELIJO JOINT POWERS AUTHORITY
MEMORANDUM

April 20, 2021

TO: Board of Directors
San Elijo Joint Powers Authority

FROM: General Manager

SUBJECT: SAN ELIJO JOINT POWERS AUTHORITY FISCAL YEAR 2021-22 RECOMMENDED BUDGET

## RECOMMENDATION

It is recommended that the Board of Directors:

1. Review the Fiscal Year 2021-22 Recommended Budget;

2. Provide direction to staff regarding a transition from a one-year budget document to a two-year document; and

3. Discuss and take action as appropriate.

## DISCUSSION

The Fiscal Year (FY) 2021-22 San Elijo Joint Powers Authority (SEJPA) Recommended Budget has been prepared in accordance with the SEJPA formation agreement and service agreements with other government entities. The budget estimates all expenditures necessary to provide wastewater treatment, waste disposal, water recycling, laboratory, ocean outfall, pump stations, and other services.

The Recommended FY 2021-22 Budget consists of $8,003,113 operating costs, $1,509,278 debt service, and $2,235,000 capital projects for a total budget of $11,747,391. Wastewater and disposal services are the largest programs by cost having a recommended budget of $9,124,198. These programs include operations and maintenance for wastewater, laboratory, ocean outfall, and pump stations, as well as capital and debt service expenses. Recycled Water, which includes operations and maintenance, as well as capital and debt service expenses, has a recommended budget of $2,556,753. SEJPA provides its Member Agencies with stormwater, urban runoff, and emergency generator services that have a total recommended budget of $66,440.

### *Operating Costs*

SEJPA management has reviewed the recommended budget in detail to control costs, maximize value, and ensure the agency's ability to perform its vital functions. The recommended operating budget for all programs will increase by $296,719. The increases are predominately associated with the Wastewater Treatment, Laboratory Services, and Ocean Outfall programs. The increases

in the Wastewater Treatment program reflect general cost inflation, as well as for costs for engineering services not completed in the prior fiscal year. The increases in the Ocean Outfall program expenses are due to the multi-year Plume Tracking Study (Study) schedule revision due to the COVID-19 pandemic that shifted work to FY 2021-22. The cost of the Study is offset by revenues from Encina Wastewater Authority (EWA) through a cost sharing agreement. The increases in the Laboratory Services program are driven by new governmental regulations to ensure the required laboratory standards are met and to employ appropriate staffing levels to uphold the integrity of the work performed. In addition, we have budgeted $35,000 to be deposited into SEJPA's PARS Trust for pension management, which will increase the PARS Trust balance to $362,360.

| Program | Adopted Budget 2020-21 | Recommended Budget 2021-22 | Budget Change | % Change |
|---|---|---|---|---|
| Wastewater Treatment | $ 3,105,747 | $ 3,202,668 | $ 96,921 | 3.1% |
| Laboratory Services | 689,217 | 841,210 | 151,993 | 22.1% |
| Ocean Outfall | 1,007,168 | 1,103,408 | 96,240 | 9.6% |
| Cardiff Sanitary Division Pump Stations | 342,569 | 296,008 | (46,561) | -13.6% |
| Encinitas Sanitary Division Pump Stations | 187,469 | 151,184 | (36,285) | -19.4% |
| City of Encinitas Urban and Stormwater Services | 32,010 | 35,048 | 3,038 | 9.5% |
| City of Solana Beach Pump Stations | 408,910 | 418,351 | 9,441 | 2.3% |
| City of Solana Beach Generator Maintenance Services | 13,694 | 14,111 | 417 | 3.0% |
| City of Del Mar Pump Station | 52,331 | 57,425 | 5,094 | 9.7% |
| Recycled Water | 1,867,279 | 1,883,700 | 16,421 | 0.9% |
| Total Operating Costs | $ 7,706,394 | $ 8,003,113 | $ 296,719 | 3.9% |

The cost for wastewater treatment and disposal services for the Member Agencies and other participating agencies is proportionally allocated based on use, indicated by measured flows or level of effort, as appropriate. Flows are averaged over a 12-month period using the previous calendar year to determine the cost sharing estimate for the subsequent fiscal year. It should be noted that flows can vary from year to year, impacting the amount of expense for each agency. The table below shows year-over-year changes to influent and effluent flow by entity.

| Entity | CY 2019 Average Influent Flow (mgd) | CY 2020 Average Influent Flow (mgd) | % Change YoY | CY 2019 Average Effluent Flow (mgd) | CY 2020 Average Effluent Flow (mgd) | % Change YoY |
|---|---|---|---|---|---|---|
| Encinitas | 1.198 | 1.280 | 6.9% | 0.679 | 0.594 | -12.5% |
| Solana Beach | 0.988 | 0.917 | -7.2% | 0.548 | 0.445 | -18.9% |
| Rancho Santa Fe CSD | 0.141 | 0.161 | 14.4% | 0.081 | 0.076 | -6.3% |
| Del Mar | 0.420 | 0.385 | -8.4% | 0.224 | 0.171 | -23.6% |
| Escondido | | | | 9.920 | 9.932 | 0.1% |
| **Total** | **2.747** | **2.743** | **-0.1%** | **11.452** | **11.218** | **-2.0%** |

### *Recycled Water Program*

SEJPA owns and operates a Recycled Water utility that sells water to San Dieguito Water District, Santa Fe Irrigation District, Olivenhain Municipal Water District, City of Del Mar, and Encinitas Ranch Golf Authority. For FY 2021-22, recycled water revenues are planned to increase $630,158, year-over-year, largely due to an estimated $600,000 in grant revenue. Recycled water operating cost will be similar to FY 2020-21. The $500,000 recycled water capital project costs are for the improvements to the recycled water treatment, storage, and conveyance systems. The capital funding for these projects will be utilized for treatment system enhancement, valve maintenance and replacements, refurbishment of existing storage tanks or the construction of new storage, replacing existing distribution system pumps and motors, stormwater recycling, and ongoing system asset management. This is a multi-year capital project that will occur during a 10-year period from 2021 to 2030 with an estimated cost of $10.7 million (2021 dollars). Changes to the recycled water debt service include the retirement of the State Revolving Fund loan and the financing of the Solana Beach pipeline purchase to increase sustainability in the city. Overall, the program is projected to generate $3.84 million in recycled water revenues for FY 2021-22, resulting in revenues over expenses of $1.28 million. Below are tables showing the Recycled Water Program revenue sources and operating costs.

| Revenue Source | Actual 2018-19 | Actual 2019-20 | Estimated Actual 2020-21 | Adopted Budget 2020-21 | Recommended Budget 2021-22 |
|---|---|---|---|---|---|
| Santa Fe Irrigation District | $ 788,396 | $ 794,852 | $ 893,800 | $ 893,800 | $ 930,846 |
| San Dieguito Water District | 499,216 | 631,997 | 656,000 | 656,000 | 665,848 |
| City of Del Mar | 133,936 | 189,600 | 196,800 | 196,800 | 191,201 |
| Encinitas Ranch Golf Course | 269,183 | 279,952 | 291,149 | 291,149 | 302,794 |
| Olivenhain Municipal Water District | 331,796 | 361,788 | 369,000 | 369,000 | 432,718 |
| Total Customers | $ 2,022,527 | $ 2,258,189 | $ 2,406,749 | $ 2,406,749 | $ 2,523,407 |
| MWD/CWA Incentives | 638,100 | 674,460 | 706,500 | 706,500 | 720,000 |
| IRWM Grant | - | - | 100,000 | 100,000 | 600,000 |
| **Total Revenue** | **$ 2,660,627** | **$ 2,932,649** | **$ 3,213,249** | **$ 3,213,249** | **$ 3,843,407** |

| Operating Cost | Actual 2018-19 | Actual 2019-20 | Estimated Actual 2020-21 | Adopted Budget 2020-21 | Recommended Budget 2021-22 |
|---|---|---|---|---|---|
| Personnel | $ 547,080 | $ 653,812 | $ 620,509 | $ 642,022 | $ 658,874 |
| Supplies and Services | 951,643 | 841,335 | 1,172,121 | 1,175,257 | 1,174,826 |
| Capital Outlay | 455 | 14,111 | 50,000 | 50,000 | 50,000 |
| Contingency | - | - | - | - | - |
| Total Operating Cost | $ 1,499,178 | $ 1,509,258 | $ 1,842,630 | $ 1,867,279 | $ 1,883,700 |
| Capital Costs | 1,875,000 | 165,450 | 280,000 | 280,000 | 500,000 |
| Total Operating and Capital Costs | $ 3,374,178 | $ 1,674,708 | $ 2,122,630 | $ 2,147,279 | $ 2,383,700 |
| Debt Service | | | | | |
| State Revolving Fund | $ 834,675 | $ 834,675 | $ 834,675 | $ 834,675 | $ - |
| Advanced Water Purification | 148,153 | 148,153 | 148,153 | 148,153 | 148,153 |
| SFID Pipeline Loan | 13,102 | 11,321 | 15,000 | 15,000 | 15,000 |
| Solana Beach Pipeline Loan | | | 36,900 | | 9,900 |
| Total Debt Service | $ 995,930 | $ 994,149 | $ 1,034,728 | $ 997,828 | $ 173,053 |
| **Total Costs** | **$ 4,370,108** | **$ 2,668,857** | **$ 3,157,358** | **$ 3,145,107** | **$ 2,556,753** |

### *Capital Improvement Program*

The SEJPA Capital Improvement Program includes both new and ongoing projects for the Wastewater Treatment, Ocean Outfall, and the Recycled Water programs. Most of these projects were identified in the 2015 Facility Plan. This program also contains pump station projects which are funded entirely by the owner of the pump station.

The 2017 Revenue Bonds (Clean Water Bonds) provide funding for wastewater, recycled water, and ocean outfall capital projects. Projects that have been or are currently being funded include the land outfall replacement, SCADA system improvements, preliminary treatment and odor control upgrades, and the Encinitas Ranch recycled water expansion. Furthermore, the 2017 Bonds will also provide the main source of funding (coupled with grants, cash, and other contributions) for the modernization of the water campus, energy efficiency improvements, and digester and solid treatment rehabilitation and upgrades.

For FY 2021-22, SEJPA is budgeting pay-as-you-go (PAYGO) or cash revenue for capital needs in the amount of $1,735,000 for agencies served by SEJPA. PAYGO capital is budgeted at $1,240,000 for Wastewater related improvements and $120,000 for Ocean Outfall. In addition, SEJPA is collecting $375,000 in capital funds associated with mechanical equipment replacement at the Moonlight Beach pump station. Total project cost is estimated at $750,000 and remaining funds are planned to be collected in a future budget year. The table below depicts the PAYGO capital requests for each agency served by SEJPA.

| Source | Wastewater | Ocean Outfall | Pump Station Rehabilitation | Total |
|---|---|---|---|---|
| Encinitas | $ 519,620 | $ 10,588 | $ 375,000 | $ 905,208 |
| Solana Beach | 519,620 | 10,588 | | 530,208 |
| Rancho Santa Fe CSD | 59,047 | 1,176 | | 60,223 |
| Del Mar | 141,713 | 2,824 | | 144,537 |
| Escondido | | 94,824 | | 94,824 |
| **Total** | **$ 1,240,000** | **$ 120,000** | **$ 375,000** | **$ 1,735,000** |

***Debt Service***

Debt service for SEJPA is budgeted at $1,509,278, which has decreased from the prior year by $951,695. The 2011 Revenue Bonds and the State Revolving Fund (SRF) loan fully retired in FY 2020-21. The terms of the SRF loan required SEJPA to create a restricted reserve fund, which has a fund balance of $630,000. This amount has been transferred to the Recycled Water Fund when the loan was paid in full. The planned debt service for the FY 2021-22 Budget is as follows:

- 2017 Revenue Bond payment of $1,336,225 (2017 Clean Water Projects)
- Advanced Water Purification (AWP) loan payment of $148,153 (constructed in 2013)
- SFID Pipeline loan of $15,000 (9th year)
- Solana Beach Pipeline loan of $9,900 (2nd year)

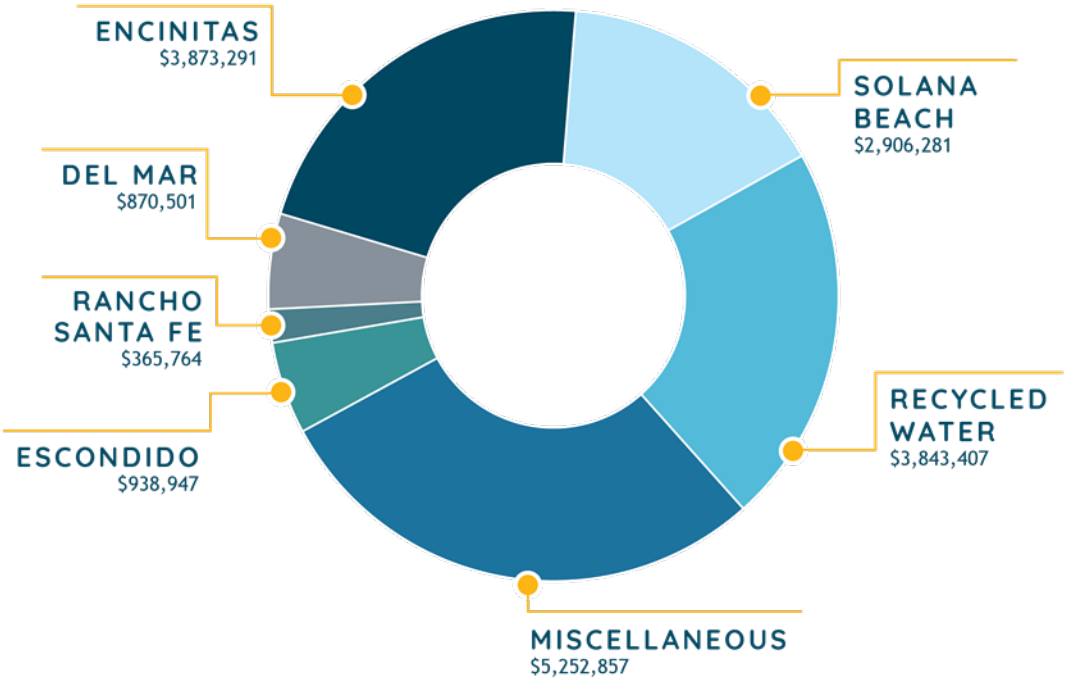
***Budget Document***

SEJPA's budget document is prepared annually. Staff has identified an opportunity to streamline administration costs and be consistent with Member Agency budget cycles by converting to a two-year budget. If a two-year budget is acceptable to the SEJPA Board, staff will update the FY 2021-22 recommended budget document to include a proposed FY 2022-23 budget. The two-year budget cycle would include mid- and full-year reviews and include allowances for budget adjustments, as necessary.

## SUMMARY

The recommended FY 2021-22 Budget consists of $8,003,113 operating costs, $1,509,278 debt service, and $2,235,000 capital projects for a total budget of $11,747,391. SEJPA receives revenues from seven primary sources, with the three largest customers being the City of Encinitas, the City of Solana Beach, and the Recycled Water Utility, which are expected to provide $3,873,291, $2,906,281, and $3,843,407, respectively. The graph below shows the revenue source allocations for FY 2021-22. Further information for the FY 2021-22 Recommended Budget is discussed in detail in the budget document, along with information regarding the contribution requirements of the various agencies served by the SEJPA.

**OPERATIONAL & CAPITAL REVENUE BY SOURCE**




The May 19, 2021 Board Agenda will include a budget discussion item for the Board to publicly discuss any changes or comments on the recommended budget. The final recommended budget will be brought to the June 15, 2021 meeting for Board approval.

It is therefore recommended that the Board of Directors:

1. Review the Fiscal Year 2021-22 Recommended Budget;

2. Provide direction to staff regarding a transition from one-year budget document to a two-year document; and

3. Discuss and take action as appropriate.

Respectfully submitted,

Michael T. Thornton, P.E.
General Manager

FY 2021-22 Recommended Budget Document will be distributed at the April 20, 2021 Board Meeting.

# SAN ELIJO
## JOINT POWERS AUTHORITY

# RECOMMENDED ANNUAL BUDGET

# FY 2021-22

SAN ELIJO | JOINT POWERS AUTHORITY

# SAN ELIJO JOINT POWERS AUTHORITY

*SEJPA is celebrating 56 years of service to our communities.*

56 years of service

Creating lasting water solutions for our communities & environment

Delivering responsible & reliable service

Promoting opportunities for our communities

## Mission

To serve our communities by providing safe and reliable recycled water and wastewater services in order to protect the environment and public health.

## Vision

We pursue innovative practices to produce clean water in an environmentally, socially, and fiscally responsible manner.

*As an organization, the San Elijo Joint Powers Authority values:*

### HUMAN VALUE

Provide equal opportunity for all employees to succeed and grow professionally and personally.

### PUBLIC TRUST

Honor and promote public confidence through transparency, personal character, and the highest level of professional behavior.

### SAFETY

Ensure individual safety and the safety of co-workers and the public, without compromise.

### VALUE

Provide superior service to the community in a safe, reliable, and cost-effective manner.

### LOYALTY

Faithfully and reliably promote the best interests of the agency and fellow employees.

### COURTESY

Be respectful, considerate, aware, and caring.

### RESPONSIBILITY

Be accountable for one's conduct and actions.

### HONESTY & INTEGRITY

Be truthful and factual in upholding the values and ethics of the agency.

### COMMUNITY

Demonstrate leadership and stewardship in serving the community and protecting the environment.

# SAN ELIJO JOINT POWERS AUTHORITY

## RECOMMENDED ANNUAL BUDGET
## FISCAL YEAR 2021-22

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### BOARD OF DIRECTORS

KRISTI BECKER, SOLANA BEACH COUNCIL MEMBER, CHAIRPERSON

KELLIE HINZE, ENCINITAS COUNCIL MEMBER, VICE CHAIRPERSON

DAVID ZITO, SOLANA BEACH COUNCIL MEMBER, MEMBER

CATHERINE BLAKESPEAR, ENCINITAS MAYOR, MEMBER

### MANAGEMENT

MICHAEL T. THORNTON, P.E., GENERAL MANAGER

CHRISTOPHER A. TREES, P.E., DIRECTOR OF OPERATIONS

AMY CHANG, MSBA, DIRECTOR OF FINANCE/ADMINISTRATION

### MEMBER AGENCIES

CITY OF ENCINITAS

CITY OF SOLANA BEACH

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2695 Manchester Avenue

Cardiff by the Sea, CA 92007

www.sejpa.org

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# TRANSMITTAL LETTER

Honorable Chairperson and Members of the Board of Directors:

I am pleased to present the Fiscal Year (FY) 2021-22 Recommended Budget for the San Elijo Joint Powers Authority (SEJPA). This past year, we faced the unprecedented impacts of a COVID-19 pandemic and the significant challenges it brought to our communities. SEJPA's foremost goal has been to protect the public and our workforce to ensure that our essential services continue without interruption. During the 2020-2021 period, SEJPA continued its legacy of reliable service, innovation, environmental protection, safety, and fiscal responsibility. Notable results include:

**Working Towards a Sustainable Future.** For more than 20 years, SEJPA has closed water gaps and offset potable water use by investing in our growing Recycled Water Program, which recycles more than 500 million gallons each year. SEJPA invested in new efficient equipment and optimized treatment to reduce energy and water consumption. We continue to model sustainable solutions in the Water Campus Improvements Project, which includes renewable energy production, stormwater capture, and operational efficiency enhancements.

**Delivering Exceptional Water Treatment.** SEJPA's excellent water treatment performance continues to exceed requirements averaging 98% removal of Carbonaceous Biochemical Oxygen Demand (CBOD) and Total Suspended Solids (TSS). SEJPA is in full compliance with permits, including those related to air quality, ocean discharge for wastewater treatment, and recycled water.

**Achieving Highest Levels of Safety.** For 20 consecutive years, SEJPA has operated our utility and completed capital projects safely, without staff missing a work-day due to injury. This year, SEJPA was awarded the California Sanitation Risk Management Authority (CSRMA) Workers' Compensation Excellence Award for our approach to injury avoidance. SEJPA was also recognized as the Safety Plant of the Year by the California Water Environment Association (CWEA).

**Investing in Our Community and Workforce.** SEJPA continues to invest in the next generation of water leaders through our internship program, partnerships with local universities, and educational opportunities for students. This year, SEJPA continued and expanded our local internship program and is currently mentoring seven interns both remotely and safely onsite.

**Building Valuable Partnerships.** We have embraced collaboration with our neighboring agencies to improve cost effectiveness, expand Recycled Water service, and increase our regional impact. We are especially proud of the partnerships we have built with the North San Diego Water Reuse Coalition, which has brought millions of dollars in grant funding to north county.

.

This budget document reflects our continued commitment to these goals and celebrated achievements.

## OPERATING BUDGET OVERVIEW

The SEJPA Recommended Budget for FY 2021-22 is made up of 10 operational programs that are managed and operated by SEJPA. We are continually seeking opportunities to build and improve the services we provide, and to apply science, engineering, and technology to maximize value and the benefits to our stakeholders.

| Program | Actual 2018-19 | Actual 2019-20 | Estimated Actual 2020-21 | Adopted Budget 2020-21 | Recommended Budget 2021-22 | Budget Change | % Change |
|---|---|---|---|---|---|---|---|
| Wastewater Treatment | $ 2,893,126 | $ 3,226,189 | $ 3,023,514 | $ 3,105,747 | $ 3,202,668 | $ 96,921 | 3.1% |
| Laboratory Services | 564,982 | 556,331 | 721,557 | 689,217 | 841,210 | 151,993 | 22.1% |
| Ocean Outfall | 616,895 | 606,303 | 747,279 | 1,007,168 | 1,103,408 | 96,240 | 9.6% |
| Cardiff Sanitary Division Pump Stations | 213,104 | 261,648 | 318,916 | 342,569 | 296,008 | (46,561) | -13.6% |
| Encinitas Sanitary Division Pump Stations | 142,240 | 135,258 | 171,744 | 187,469 | 151,184 | (36,285) | -19.4% |
| City of Encinitas Urban and Stormwater Services | 30,421 | 32,951 | 37,214 | 32,010 | 35,048 | 3,038 | 9.5% |
| City of Solana Beach Pump Stations | 311,713 | 473,039 | 381,214 | 408,910 | 418,351 | 9,441 | 2.3% |
| City of Solana Beach Generator Maintenance Services | 15,864 | 7,443 | 13,474 | 13,694 | 14,111 | 417 | 3.0% |
| City of Del Mar Pump Station | 28,728 | 38,663 | 49,825 | 52,331 | 57,425 | 5,094 | 9.7% |
| Recycled Water | 1,499,178 | 1,509,258 | 1,842,630 | 1,867,279 | 1,883,700 | 16,421 | 0.9% |
| Total Operating Costs | $ 6,316,263 | $ 6,847,085 | $ 7,307,368 | $ 7,706,394 | $ 8,003,113 | $ 296,719 | 3.9% |

For FY 2021-22, the total increase in Operating Costs year-over-year is $296,719 or 3.9%. The increases are predominately associated with the Wastewater Treatment, Laboratory Services, and Ocean Outfall programs. The increase in the Wastewater Treatment program reflects general cost inflation, as well as for engineering services that are continuing into the next fiscal year. The increase in the Ocean Outfall program is for the cost of the Plume Tracking Study schedule change from prior fiscal year's budget to current fiscal year due to the COVID-19 pandemic, which is offset by revenues from Encina Wastewater Authority (EWA) through a cost sharing agreement. The increases in the Laboratory Services program are driven by new governmental regulations to ensure the required laboratory standards are met and to employ appropriate staffing levels to uphold the integrity of the work performed. In addition, $35,000 has been budgeted to the PARS Trust for pension management, which will increase the PARS Trust balance to $362,360. Details of these increases are discussed in each program section.

## CAPITAL BUDGET OVERVIEW

The SEJPA Capital Improvement Program (CIP) was developed with consideration for regulatory compliance, risk assessment to prevent system failure, environmental protection, and resource recovery. The projects have been organized into four phases in order to prioritize capital spending, streamline project delivery, minimize community impacts, and reduce cost were possible through economies of scale. As we enter our fifth year of the CIP, we look back and reflect on our recent project successes totaling more than $17 million in capital investments including:

- **Land Outfall Replacement project** replaced critical regional infrastructure beneath the San Elijo Lagoon, NCTD railroad, Coast Highway 101, and Cardiff State Beach. The project was successfully completed in June 2018 and recognized through multiple awards, including the American Society of Civil Engineers, Award of Excellence.
- **Preliminary Treatment Upgrades & Odor Control Improvements project** was completed in July 2019, replacing and upgrading aging treatment systems while expanding the capacity for peak flows during storm events.
- **Encinitas Ranch Recycled Water Expansion project** built infrastructure to serve the Encinitas Ranch community, two agricultural customers, and City trails. The project began serving recycled water in 2019

and was recognized and awarded the Winner of Excellence Award in the Environmental Stewardship Non-profit Organization category, as part of the City of Encinitas' Environmental Award Program.

- **SCADA and Electrical Upgrade projects** improved the hardware, software, and programming that provides treatment automation and remote system control. Electrical System Improvements included the replacement of Meter Service No. 2 automatic transfer switch, electrical breaker repair and maintenance, replacement of the control panels within the headworks building, and the completion of an arc-flash study on all high voltage equipment at the San Elijo Water Campus in compliance with current National Fire Protection Association codes and standards. Construction and system start-up was completed by mid-2020.

SEJPA is excited for what is ahead as the Water Campus Improvements project construction continues and is expected to be completed in late 2021. The project will modernize our Water Campus and replace aging buildings while providing education, environment, community, and safety benefits. A regional walking and biking path, clean and renewable energy production, stormwater capture, public parking, and safety enhancements for crossing Manchester Avenue are included in the improvements.

## *DEBT SERVICE OVERVIEW*

SEJPA debt service will decrease by $951,695 or 38.7% compared to prior year, from $2,460,973 for FY 2020-21 to $1,509,278 for FY 2021-22. This decrease is due to the net retirement of both the 2011 Refunding Bonds and the State Revolving Fund (SRF) loan and the addition of Solana Beach Pipeline loan for the newly purchased recycled water distribution pipeline to increase sustainability by extending the recycled waterlines in the City of Solana Beach. The zero-interest loan from San Diego Gas and Electric for energy efficiency improvements will remain unchanged with debt paid in full in 2027.

## *A VISION FOR THE FUTURE*

Our goal is to deliver excellent service, build trust with our customers and the community, and maximize opportunities to increase local sustainability. We are a recognized environmental leader in California, embracing progressive approaches to wastewater treatment, recycled water production, and stormwater management to create sustainable solutions for resilient communities. Our commitment is to provide excellent service stands without compromise even in challenging pandemic times. Without the support from our Board, workforce, and community members, none of this would be possible, and we would like to extend our gratitude.

Your San Elijo Joint Powers Authority team is pleased to present the Recommended FY 2021-22 Budget.

Respectfully submitted,

Michael T. Thornton, P.E.
General Manager

# BOARD RESOLUTION NO. 2021-XX
# APPROVING THE FY 2021-22 BUDGET

**RESOLUTION NO. 2021-XX**

**RESOLUTION APPROVING THE SAN ELIJO JOINT POWERS AUTHORITY OPERATING AND CAPITAL IMPROVEMENT BUDGETS FOR FISCAL YEAR 2021-22**

WHEREAS, the San Elijo Joint Powers Authority (SEJPA) General Manager has submitted for the consideration of the SEJPA Board of Directors proposed SEJPA Operating and Capital Projects Budgets for Fiscal Year 2021-22;

NOW, THEREFORE, THE BOARD OF DIRECTORS OF THE SAN ELIJO JOINT POWERS AUTHORITY HEREBY RESOLVES AS FOLLOWS:

1. The Board of Directors has reviewed the Recommended Operating Budgets and Capital Projects Budget, and the funds included herein for the period of July 1, 2021 through June 30, 2022 and hereby finds that such budgets, as reviewed, are sound plans for the financing of required SEJPA operations and capital improvements during Fiscal Year 2021-22. Such budgets are hereby adopted.

| | |
|---|---|
| San Elijo JPA Operations and Maintenance Fund | $ 7,455,639 |
| San Elijo JPA Water Reclamation Operating Fund | 2,056,753 |
| San Elijo JPA Capital Projects Fund | 2,235,000 |
| Total | $ 11,747,392 |

2. The Board of Directors authorizes carrying forward unexpended capital project appropriations and encumbered operating funds for the Fiscal Year 2021-22.

3. The Board of Directors authorizes the SEJPA Treasurer to deposit any surplus FY 2021-22 budgeted funds, meaning appropriated funds that are not expended or otherwise encumbered by June 30, 2022, into the SEJPA PARS Public Agencies Post-Employments Benefits Trust Program.

PASSED AND ADOPTED this 15th day of June, 2021, by the following vote:

AYES: Board members:

NOES: Board members:

ABSENT: Board members:

ABSTAIN: Board members:

_____
Kristi Becker, Chairperson
SEJPA Board of Directors

ATTEST:

_____
Michael T. Thornton, P.E.
Secretary of the Board

# SUCCESSES

## CREATING LASTING VALUE

ENGAGING THE
**Community & Local Schools**
to enhance understanding & environmental stewardship

ACTIVELY PURSUING
**State & Federal Funding**
in support of intelligent planning, designing, & building of water infrastructure

PROMOTING
**Industry & University Research**
to deliver value to the next generation of water leaders

## BUILDING SUSTAINABLE SOLUTIONS

DELIVERED MORE THAN
**8.5 billion gallons**
of locally produced recycled water since 2001

FOUNDING MEMBER OF THE
**North San Diego Water Reuse Coalition**
made up of 9 area agencies

ADVANCING FUNDING OPPORTUNITIES FOR
**Integrated Regional Recycled Water Projects**

## LEADING ENVIRONMENTAL STEWARDSHIP

STATE CERTIFIED
**Laboratory Services**
to protect our environment and public health

CONTINUING TO INVEST IN
**Scientific & Technological Education & Training (STET)**

PRODUCING
**High Quality Water** to protect the San Elijo Lagoon & Pacific Ocean

# SEJPA'S STORY

## *BACKGROUND*

Prior to the early 1950s, the communities of Solana Beach and Cardiff-by-the-Sea relied on privately-owned septic systems for wastewater treatment and disposal. As the communities grew, two independent districts were formed—the Cardiff Sanitation District and the Solana Beach Sanitation District—to provide wastewater collection, treatment, and disposal. These districts constructed two independent treatment plants located in the San Elijo Lagoon that supplied basic treatment and discharged directly into the lagoon. Within a decade, it was determined that these treatment plants provided insufficient treatment and that the lagoon water quality was deteriorating.

In 1963, the Cardiff Sanitation District and the Solana Beach Sanitation District created SEJPA under California Government Code Section 6502 to protect public health and the environment. Under this newly formed entity, SEJPA built the San Elijo water pollution control facility and San Elijo ocean outfall (4,000 feet in length) in 1965.

Since that time SEJPA has grown from treating wastewater for ocean disposal to an award-winning recycled water utility that recycled more than 500 million gallons per year.

**Our focus is cost-effective solutions to provide highly efficient and reliable water treatment, as well as a viable and sustainable water supply to the local community for many years to come.**

### Sharing Our Water Story

We take pride in sharing our state-of-the-art operations and offering learning opportunities for area youth. Although the pandemic paused school tours, Staff created a virtual tour video to support distance-learning. In an average year, we host more than 900 students and educators on facility tours focused on our wastewater and recycled water treatment processes.

## *FUND SUMMARY*

| | Wastewater Services | Recycled Water | PARS Trust | Capital Projects | Total |
|---|---|---|---|---|---|
| Revenues | | | | | |
| Operating | $ 6,073,557 | $ 3,243,407 | $ - | $ - | $ 9,316,964 |
| Capital | - | 600,000 | - | 6,585,000 | 7,185,000 |
| Debt | 1,336,225 | - | - | - | 1,336,225 |
| Other | 45,857 | 12,000 | 35,000 | 120,000 | 212,857 |
| Total Revenues | $ 7,455,639 | $ 3,855,407 | $ 35,000 | $ 6,705,000 | $ 18,051,046 |
| Expenses | | | | | |
| Operating | $ 6,119,414 | $ 1,883,700 | $ - | $ - | $ 8,003,114 |
| Capital | - | 1,550,000 | - | 4,788,871 | 6,338,871 |
| Debt Service | 1,336,225 | 173,053 | - | - | 1,509,278 |
| Other | - | - | - | - | - |
| Total Expenses | $ 7,455,639 | $ 3,606,753 | $ - | $ 4,788,871 | $ 15,851,263 |
| Increase/(Decrease) | $ - | $ 248,654 | $ 35,000 | $ 1,916,129 | $ 2,199,783 |
| Fund Balance Beginning of the Year | - | 2,860,182 | 327,360 | 9,401,036 | 12,588,578 |
| Fund Balance End of the Year | $ - | $ 3,108,836 | $ 362,360 | $ 11,317,165 | $ 14,788,361 |

Wastewater Services fund operating and debt services costs in the Wastewater Treatment, Laboratory Services, Ocean Outfall, Pump Station Operations, and other services programs. Capital costs for these programs are accounted for under the Capital Projects fund.

Recycled Water funds operating, capital, and debt services costs in the Recycled Water program. FY 2021-22 capital budget includes $500,000 improvements to water treatment, storage, and conveyance systems, plus $1,050, 000 inter-fund loan payback to Wastewater Services fund for the Encinitas Ranch Recycled Water Expansion project.

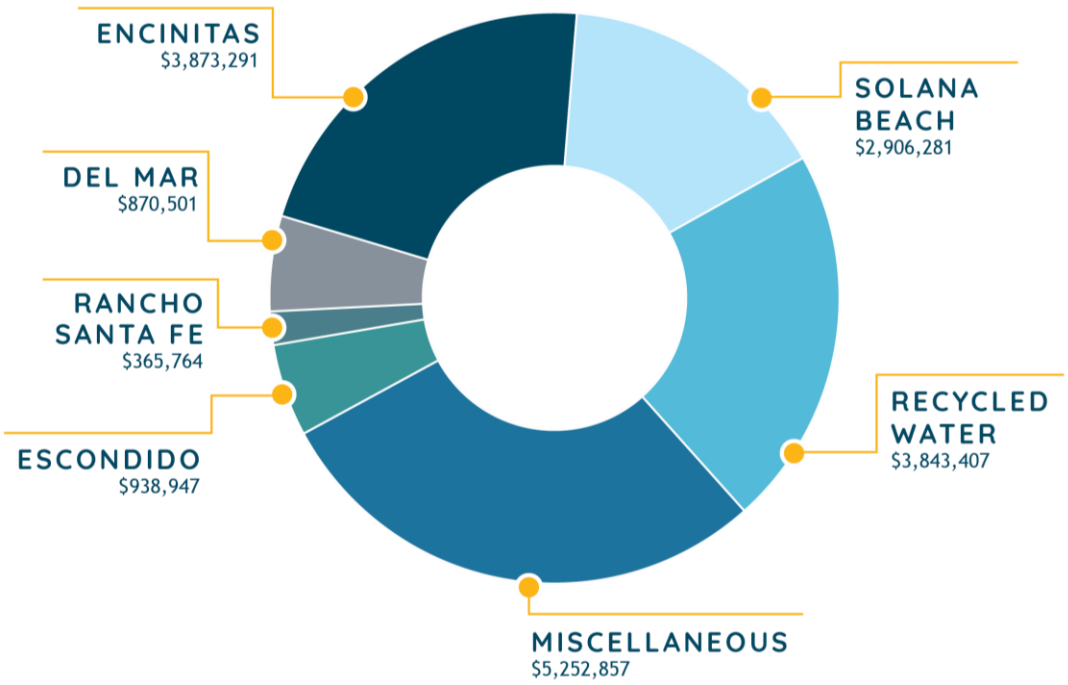
PARS Trust is an irrevocable Section 115 Trust acting as a pension rate stabilization program to prefund employee benefit plan obligations. FY 2021-22 budget includes $35,000 for PARS Trust for pension management, which will increase the PARS Trust balance to $362,360.

Capital Projects funds pay-as-you go projects for all projects under Wastewater Services programs. FY 2021-22 capital budget includes $1,040,000 for Solids Treatment (CIP Phase III), $120,000 for Ocean Outfall Reserves, $375,000 for Moonlight Beach Pump Station rehabilitation, and $200,000 for Miscellaneous Wastewater Treatment projects.

## *REVENUE SUMMARY*

SEJPA's revenue is based on cost of service and miscellaneous revenue sources. Total anticipated increase in Revenue year-over-year is $5,955,541 or 49.2%. The $5,000,000 Other Revenue sources include $150,000 Plume Tracking Study cost share with Encina Wastewater Authority, $3,800,000 anticipated Caltrans Cooperative Agreement reimbursement related to the Multi-use Bike Path portion of the Water Campus Improvement (WCI) project, and $1,050,000 inter-fund loan repayment from the Recycled Water fund to the Wastewater Services fund for the Encinitas Ranch Recycled Water Expansion project. Below is a summary of revenue sources shown in table format and in chart format to illustrate the revenue diversity with the agencies we serve.

| Revenue Source | Actual 2018-19 | Actual 2019-20 | Estimated Actual 2020-21 | Adopted Budget 2020-21 | Recommended Budget 2021-22 |
|---|---|---|---|---|---|
| City of Encinitas | $ 3,031,182 | $ 3,222,955 | $ 3,561,697 | $ 3,498,218 | $ 3,873,291 |
| City of Solana Beach | 2,777,161 | 2,752,287 | 2,783,544 | 2,914,701 | 2,906,281 |
| City of Del Mar | 610,764 | 744,963 | 800,370 | 872,309 | 870,501 |
| Rancho Santa Fe CSD | 323,805 | 403,545 | 339,506 | 415,689 | 365,764 |
| City of Escondido | 764,628 | 761,529 | 807,809 | 979,083 | 938,947 |
| Laboratory Services | 31,936 | 42,282 | 40,000 | 27,300 | 40,000 |
| Recycled Water | 2,660,627 | 2,932,649 | 3,213,249 | 3,213,249 | 3,843,407 |
| T-Mobile Cell Site Lease | 28,283 | 29,958 | 29,958 | 29,958 | 30,857 |
| Other Revenue | - | 45,117 | - | - | 5,000,000 |
| Interest on Wastewater Operations | 50,170 | 154,561 | 15,000 | 15,000 | 15,000 |
| Interest on Water Reclamation | 11,389 | 34,039 | 10,000 | 10,000 | 12,000 |
| 2017 Revenue Bond Interest | 154,682 | 358,826 | 195,359 | 120,000 | 120,000 |
| PARS Trust | | | | | 35,000 |
| Total Revenue Sources | $ 10,444,626 | $ 11,482,711 | $ 11,796,491 | $ 12,095,507 | $ 18,051,048 |



# SEJPA Staff Bring Our Mission to Life

SEJPA takes pride in supporting our staff's development and continued certification / education. Recent accomplishments include:

## CERTIFICATIONS

**Devin McGinness**
*SWRCB Wastewater Treatment Plant Operator Grade I*
**Lauren Blackburn**
*Grade II Distribution Operator*

## EDUCATION

**Eric O'Riley**
*Pursuing a Bachelors Degree in Environmental Sciences*
**Jason Simmons**
*Pursuing a Bachelors Degree in Environmental Engineering*
**Julia Agustin**
*Pursuing a Bachelors Degree in Finance*
**Damon Suda**
*Pursuing a Bachelors Degree in Accountancy*
**Amira Andrews**
*Pursuing a Bachelors in Environmental Engineering*
**Didra Felix**
*Pursuing a certificate in Water Studies*


## Leaders in California

SEJPA is among the leading California wastewater agencies that are dedicated to closing water gaps through innovative solutions. SEJPA recycled more than 500 million gallons last year.

# REVENUE BY SOURCE

## *BASIS FOR REVENUE BY SOURCE*

- Wastewater Treatment cost distribution is based on 2020 calendar year average influent flows.
- The Rancho Santa Fe Community Services District (RSF CSD) and Del Mar Credits are based on capacity use agreements between SEJPA, Encinitas, Solana Beach, and RSF CSD; this represents contributions to debt service related to capital improvements.
- Laboratory Service cost distribution is based on previous year average influent flows after outside laboratory services are subtracted.
- Outfall Program cost distribution is based on 2020 calendar year average effluent flows to the outfall.

- Cardiff Sanitary Division and Encinitas Sanitary Division are solely supported by the City of Encinitas.
- Capital projects are based on owned/leased capacity for both the Wastewater Treatment and the Ocean Outfall systems.

Below is a table of the calendar year 2020 average daily influent and effluent, and owned/leased capacity for each member and leasing agency:

| | Millions of Gallons Per Day (MGD) | | | |
|---|---|---|---|---|
| **Entity** | **Influent** | **Effluent** | **Wastewater Treatment Capacity** | **Outfall Capacity** |
| City of Encinitas | 1.280 | 0.594 | 2.200 | 2.250 |
| City of Solana Beach | 0.917 | 0.445 | 2.200 | 2.250 |
| Rancho Santa Fe CSD's | 0.161 | 0.076 | 0.250 | 0.250 |
| City of Del Mar | 0.385 | 0.171 | 0.600 | 0.600 |
| City of Escondido | - | 9.932 | - | 20.150 |
| Total | 2.743 | 11.218 | 5.250 | 25.500 |

Influent and effluent percentages are used to estimate the operating and maintenance costs charged to each member and leasing agency for wastewater services; capacity percentages are used to estimate capital costs charged to each member and leasing agency.

## *CITY OF ENCINITAS – REVENUE DETAIL*

### Key contributors to year-over-year budget changes include:

- Wastewater Treatment cost increase due to higher influent flow proportions, as compared to other contributing agencies for calendar year 2020
- Laboratory Services program cost increase due to new accreditation requirements and staffing
- Cardiff Sanitary Division Pump Station cost decrease due to the completion of the electrical safety and arc flash evaluation – National Fire Protection Association (NFPA) requirement every 5 years
- Encinitas Sanitary Division Pump Station cost decrease due to the completion of the electrical safety and arc flash evaluation – NFPA requirement every 5 years
- Retirement of 2011 Refunding Bonds decreased budget
- Capital Projects cost increase for a new capital project to rehabilitate the Moonlight Beach Pump Station

| Revenue Source | Actual 2018-19 | Actual 2019-20 | Estimated Actual 2020-21 | Adopted Budget 2020-21 | Recommended Budget 2021-22 |
|---|---|---|---|---|---|
| Wastewater Treatment | $ 1,299,376 | $ 1,416,262 | $ 1,410,869 | $ 1,354,306 | $ 1,494,468 |
| Interest Income Credit | (25,085) | (77,362) | (7,500) | (7,500) | (7,500) |
| RSF CSD Credit 1991 Refunding Bonds | (48,372) | (48,372) | - | (48,372) | - |
| RSF CSD Credit 2017 Revenue Bonds | (21,495) | (31,852) | (31,898) | (31,898) | (31,815) |
| Del Mar Credit 2017 Revenue Bonds | (76,444) | (76,444) | (76,556) | (76,556) | (76,356) |
| Del Mar Pipeline Credit | 30,000 | 30,000 | 30,000 | 30,000 | 30,000 |
| T-Mobile License Income | (14,142) | (14,543) | (14,979) | (14,979) | (15,428) |
| Other Income Credit | - | (47,871) | - | - | - |
| Total Wastewater Revenue | $ 1,143,838 | $ 1,149,818 | $ 1,309,936 | $ 1,205,001 | $ 1,393,369 |
| Laboratory Services | 239,411 | 208,315 | 318,037 | 288,638 | 373,870 |
| Ocean Outfall | 40,386 | 35,947 | 39,573 | 59,714 | 50,489 |
| Cardiff Sanitary Division Pump Stations | 213,105 | 261,648 | 318,916 | 342,567 | 296,008 |
| Encinitas Sanitary Division Pump Station | 142,240 | 135,264 | 171,744 | 187,469 | 151,184 |
| Encinitas Urban and Stormwater Services | 30,423 | 32,951 | 37,214 | 32,012 | 35,048 |
| 2011 Refunding Bonds | 693,634 | 60,734 | 61,710 | 61,710 | - |
| 2017 Revenue Bonds | 451,388 | 668,888 | 669,863 | 669,863 | 668,113 |
| Capital Projects | 76,756 | 669,390 | 634,704 | 651,244 | 905,208 |
| Total Revenue | $ 3,031,182 | $ 3,222,955 | $ 3,561,697 | $ 3,498,218 | $ 3,873,291 |

## *CITY OF SOLANA BEACH – REVENUE DETAIL*

### Key contributors to year-over-year budget changes include:

- Wastewater Treatment cost decrease due to lower influent flow proportion as compared to other contributing agencies for calendar year 2020
- Laboratory Services program cost increase due to new accreditation requirements and staffing
- Solana Beach Pump Station costs are increasing approximately 2.3% due to general inflation to costs
- Retirement of 2011 Refunding Bonds decreased budget

| Revenue Source | Actual 2018-19 | Actual 2019-20 | Estimated Actual 2020-21 | Adopted Budget 2020-21 | Recommended Budget 2021-22 |
|---|---|---|---|---|---|
| Wastewater Treatment | $ 1,063,775 | $ 1,168,357 | $ 1,010,991 | $ 1,117,246 | $ 1,070,896 |
| Interest Income Credit | (25,085) | (77,362) | (7,500) | (7,500) | (7,500) |
| RSF CSD Credit 1991 Refunding Bonds | (48,372) | (48,372) | - | (48,372) | - |
| RSF CSD Credit 2017 Revenue Bonds | (21,495) | (31,852) | (31,898) | (31,898) | (31,815) |
| Del Mar Credit 2017 Revenue Bonds | (76,444) | (76,444) | (76,556) | (76,556) | (76,356) |
| Del Mar Pipeline Credit | 30,000 | 30,000 | 30,000 | 30,000 | 30,000 |
| T-Mobile License Income | (14,142) | (14,543) | (14,979) | (14,979) | (15,428) |
| Other Income Credit | - | (47,871) | - | - | - |
| Total Wastewater Revenue | $ 908,237 | $ 901,913 | $ 910,058 | $ 967,940 | $ 969,797 |
| Laboratory Services | 196,002 | 171,851 | 227,897 | 238,114 | 267,906 |
| Ocean Outfall | 32,768 | 29,030 | 29,625 | 48,223 | 37,796 |
| Solana Beach Pump Stations | 304,014 | 461,532 | 373,782 | 398,839 | 407,644 |
| Solana Beach Urban and Stormwater Services | 7,696 | 11,504 | 7,432 | 10,073 | 10,707 |
| Solana Beach Generator Maintenance Services | 15,866 | 7,445 | 13,474 | 13,694 | 14,111 |
| 2011 Refunding Bonds | 784,434 | 60,734 | 61,710 | 61,710 | - |
| 2017 Revenue Bonds | 451,388 | 668,888 | 669,863 | 669,863 | 668,113 |
| Capital Projects | 76,756 | 439,390 | 489,704 | 506,244 | 530,208 |
| Total Revenue | $ 2,777,161 | $ 2,752,287 | $ 2,783,544 | $ 2,914,701 | $ 2,906,281 |

## *CITY OF DEL MAR – REVENUE DETAIL*

### Key Contributors to year-over-year budget changes include:

- Wastewater Treatment cost decrease due to lower influent flow proportion as compared to other contributing agencies for calendar year 2020
- Laboratory Services program cost increase due to new accreditation requirements and staffing
- Capital contributions to wastewater and ocean outfall related project for FY 2021-22
- Additional sediment and debris disposal cost from collection system cleaning and pump station wet well cleaning

| Revenue Source | Actual 2018-19 | Actual 2019-20 | Estimated Actual 2020-21 | Adopted Budget 2020-21 | Recommended Budget 2021-22 |
|---|---|---|---|---|---|
| Wastewater Treatment | $ 385,686 | $ 496,519 | $ 423,849 | $ 474,798 | $ 448,963 |
| Laboratory Services | 71,063 | 73,032 | 95,543 | 101,192 | 112,317 |
| Ocean Outfall | 11,625 | 11,859 | 11,402 | 19,700 | 14,547 |
| Del Mar Pipeline Credit | (60,000) | (60,000) | (60,000) | (60,000) | (60,000) |
| Del Mar Pump Station | 28,728 | 38,664 | 49,825 | 52,331 | 57,425 |
| 2017 Revenue Bonds | 152,889 | 152,889 | 153,111 | 153,111 | 152,711 |
| Capital Projects | 20,773 | 32,000 | 126,639 | 131,177 | 144,538 |
| Total Revenue | $ 610,764 | $ 744,963 | $ 800,370 | $ 872,309 | $ 870,501 |

## *RANCHO SANTA FE COMMUNITY SERVICES DISTRICT – REVENUE DETAIL*

### Key Contributors to year-over-year budget changes include:

- Wastewater Treatment cost increase due to increase in influent flow proportion as compared to other contributing agencies for calendar year 2020
- Laboratory Services program cost increase due to new accreditation requirements and staffing
- Retirement of 2011 Refunding Bonds decreased budget
- Capital contributions to wastewater and ocean outfall related projects for FY 2021-22

| Revenue Source | Actual 2018-19 | Actual 2019-20 | Estimated Actual 2020-21 | Adopted Budget 2020-21 | Recommended Budget 2021-22 |
|---|---|---|---|---|---|
| Wastewater Treatment | $ 144,286 | $ 166,689 | $ 177,805 | $ 159,397 | $ 188,341 |
| Laboratory Services | 26,585 | 24,518 | 40,081 | 33,972 | 47,117 |
| Ocean Outfall | 4,546 | 4,288 | 5,057 | 7,123 | 6,452 |
| 2011 Refunding Bonds | 96,744 | 96,744 | - | 96,744 | - |
| 2017 Revenue Bonds | 42,989 | 63,704 | 63,796 | 63,796 | 63,630 |
| Capital Projects | 8,655 | 47,602 | 52,767 | 54,657 | 60,224 |
| Total Revenue | $ 323,805 | $ 403,545 | $ 339,506 | $ 415,689 | $ 365,764 |

## *CITY OF ESCONDIDO – REVENUE DETAIL*

### Key Contributors to year-over-year budget changes include:

- Ocean Outfall program cost increase due to higher Laboratory Services cost and rescheduled Plume Tracking Study work that was postponed due to COVID-19
- Ocean Outfall program cost decrease due to cost sharing of a joint contract for the Plume Tracking Study with Encina Wastewater Authority
- Capital program costs were reduced to help offset operating cost increases

| Revenue Source | Actual 2018-19 | Actual 2019-20 | Estimated Actual 2020-21 | Adopted Budget 2020-21 | Recommended Budget 2021-22 |
|---|---|---|---|---|---|
| Ocean Outfall | $ 527,569 | $ 525,180 | $ 661,623 | $ 872,407 | $ 844,124 |
| Capital Projects | 237,059 | 236,349 | 146,186 | 106,676 | 94,824 |
| Total Revenue | $ 764,628 | $ 761,529 | $ 807,809 | $ 979,083 | $ 938,947 |

## *LABORATORY SERVICES – REVENUE DETAIL*

SEJPA laboratory provides analytical services to the Community Services Districts in Rancho Santa Fe and the Nature Collective. Revenues from these outside contract services are credited to the Member Agencies to reduce the cost of Laboratory Services. The adopted FY 2021-22 budget is based on historic service levels. The analytical service revenues may vary based upon the actual number of samples analyzed.

| Revenue Source | Actual 2018-19 | Actual 2019-20 | Estimated Actual 2020-21 | Adopted Budget 2020-21 | Recommended Budget 2021-22 |
|---|---|---|---|---|---|
| Fairbanks Ranch | $ 8,144 | $ 10,892 | $ 10,000 | $ 7,000 | $ 10,000 |
| Rancho Santa Fe CSD 1 | 10,050 | 12,467 | 12,000 | 8,500 | 12,000 |
| Santa Fe Valley | 3,438 | 6,076 | 6,000 | 3,400 | 6,000 |
| Whispering Palms | 10,304 | 12,847 | 12,000 | 8,400 | 12,000 |
| Total Revenue | $ 31,936 | $ 42,282 | $ 40,000 | $ 27,300 | $ 40,000 |

## *RECYCLED WATER – REVENUE DETAIL*

### Key Contributors to year-over-year budget changes include:

- Revenue increases due to anticipated SEJPA recycled water rate increase of 3.9% effective July 1, 2021
- Revenue decreases due to anticipated reduced water sales to the 22 Agricultural District through the City of Del Mar
- Revenue increases due to anticipate increased water sales to OMWD
- Revenue increases due to anticipated receipt of grant funding for Encinitas Ranch RW Expansion project

| Revenue Source | Actual 2018-19 | Actual 2019-20 | Estimated Actual 2020-21 | Adopted Budget 2020-21 | Recommended Budget 2021-22 |
|---|---|---|---|---|---|
| Santa Fe Irrigation District | $ 788,396 | $ 794,852 | $ 893,800 | $ 893,800 | $ 930,846 |
| San Dieguito Water District | 499,216 | 631,997 | 656,000 | 656,000 | 665,848 |
| City of Del Mar | 133,936 | 189,600 | 196,800 | 196,800 | 191,201 |
| Encinitas Ranch Golf Course | 269,183 | 279,952 | 291,149 | 291,149 | 302,794 |
| Olivenhain Municipal Water District | 331,796 | 361,788 | 369,000 | 369,000 | 432,718 |
| Total Customers | $ 2,022,527 | $ 2,258,189 | $ 2,406,749 | $ 2,406,749 | $ 2,523,407 |
| MWD/CWA Incentives | 638,100 | 674,460 | 706,500 | 706,500 | 720,000 |
| IRWM Grant | - | - | 100,000 | 100,000 | 600,000 |
| **Total Revenue** | **$ 2,660,627** | **$ 2,932,649** | **$ 3,213,249** | **$ 3,213,249** | **$ 3,843,407** |


## SEJPA Continues to Promote Sustainable Water Practices

We continue to expand our recycled water services—most recently adding the Encinitas Ranch community, Foxpoint Farms, Encinitas hiking trails, and local greenways.

# COST SUMMARY

| Operating Cost | Actual 2018-19 | Actual 2019-20 | Estimated Actual 2020-21 | Adopted Budget 2020-21 | Recommended Budget 2021-22 |
|---|---|---|---|---|---|
| Personnel | $ 3,093,505 | $ 3,830,034 | $ 3,462,363 | $ 3,459,455 | $ 3,724,190 |
| Supplies and Services | 3,148,507 | 2,945,034 | 3,717,144 | 3,956,211 | 4,023,023 |
| Capital Outlay | 74,263 | 72,021 | 127,870 | 126,500 | 96,900 |
| Contingency | - | - | - | 164,228 | 159,000 |
| Total Operating Cost | $ 6,316,275 | $ 6,847,089 | $ 7,307,377 | $ 7,706,394 | $ 8,003,113 |
| Capital Costs | 2,295,000 | 1,672,427 | 1,730,000 | 1,730,000 | 2,235,000 |
| Total Operating and Capital Costs | $ 8,611,275 | $ 8,519,516 | $ 9,037,377 | $ 9,436,394 | $ 10,238,113 |
| Debt Service | | | | | |
| State Revolving Fund | $ 834,675 | $ 834,675 | $ 834,675 | $ 834,675 | $ - |
| 2011 Refunding Bonds | 1,478,068 | 121,468 | 123,420 | 123,420 | - |
| Advanced Water Purification | 148,153 | 148,153 | 148,153 | 148,153 | 148,153 |
| SFID Pipeline Loan | 13,102 | 11,321 | 15,000 | 15,000 | 15,000 |
| 2017 Revenue Bonds | 902,775 | 1,337,775 | 1,339,725 | 1,339,725 | 1,336,225 |
| Solana Beach Pipeline Loan | | | 36,900 | | 9,900 |
| Total Debt Service | $ 3,376,773 | $ 2,453,392 | $ 2,497,873 | $ 2,460,973 | $ 1,509,278 |
| Total Costs | $ 11,988,048 | $ 10,972,908 | $ 11,535,250 | $ 11,897,367 | $ 11,747,391 |

## Building Lasting Partnerships to Serve Our Environment

Our strong working relationships with the Nature Collective and San Diego County have been beneficial to the health and conservation of the San Elijo Lagoon Ecological Reserve and Regional Park.

## *COST DETAIL*

| Operating Cost | Actual 2018-19 | Actual 2019-20 | Estimated Actual 2020-21 | Adopted Budget 2020-21 | Recommended Budget 2021-22 | % Change |
|---|---|---|---|---|---|---|
| **Personnel** | | | | | | |
| Direct Salaries and Wages | $ 2,197,967 | $ 2,321,361 | $ 2,362,352 | $ 2,389,694 | $ 2,511,634 | 5.1% |
| FICA Tax | 122 | 994 | 1,674 | 1,340 | 3,032 | 126.3% |
| Medicare Tax | 33,316 | 33,949 | 37,107 | 33,521 | 37,408 | 11.6% |
| State Unemployment Tax | 5,452 | 4,119 | 4,805 | 9,983 | 10,850 | 8.7% |
| Standby Pay | 14,082 | 16,887 | 18,485 | 17,308 | 18,000 | 4.0% |
| Overtime Pay | 44,849 | 39,791 | 76,749 | 42,700 | 47,984 | 12.4% |
| Dental/Vision | 25,304 | 24,678 | 21,072 | 28,705 | 28,721 | 0.1% |
| Employee Assistance Program | 742 | 678 | 1,259 | 4,102 | 4,100 | 0.0% |
| Life Insurance/Disability | 13,918 | 14,013 | 16,969 | 18,927 | 20,042 | 5.9% |
| Workers Comp. Insurance | 37,762 | 61,149 | 42,252 | 48,874 | 51,319 | 5.0% |
| Medical Insurance - Pers | 263,684 | 250,087 | 266,561 | 283,016 | 289,556 | 2.3% |
| Retirement Plan - CalPERS & PARS Trust | 359,130 | 964,734 | 509,254 | 466,021 | 573,512 | 23.1% |
| Deferred Comp-employer | 81,008 | 81,667 | 87,212 | 97,168 | 108,431 | 11.6% |
| Uniforms - Boots | 2,870 | 2,971 | 4,538 | 4,599 | 5,002 | 8.8% |
| Payroll Processing Fees | 10,599 | 11,120 | 12,074 | 11,002 | 12,100 | 10.0% |
| Other Personnel Costs | 2,700 | 1,836 | - | 2,498 | 2,499 | 0.0% |
| | $ 3,093,505 | $ 3,830,034 | $ 3,462,363 | $ 3,459,458 | $ 3,724,190 | 7.7% |
| **Supplies and Services** | | | | | | |
| Advertising | $ 2,840 | $ 1,621 | $ 980 | $ 4,305 | $ 4,305 | 0.0% |
| Bank Service Charges | 7,338 | 6,842 | 7,334 | 8,300 | 8,300 | 0.0% |
| Board Expense | 386 | 881 | 576 | 300 | 2,720 | 806.7% |
| Dues & Memberships | 23,141 | 33,027 | 24,857 | 28,000 | 28,000 | 0.0% |
| Equipment Rental/Lease | 50,529 | 30,218 | 9,630 | 12,900 | 12,900 | 0.0% |
| Fees - Disposal | 830 | 579 | 822 | 1,000 | 1,000 | 0.0% |
| Fees - Permits | 40,532 | 67,969 | 69,027 | 67,900 | 74,100 | 9.1% |
| Fines | 1,350 | - | 22 | - | - | |
| Fuel | 10,870 | 17,609 | 13,140 | 13,999 | 13,999 | 0.0% |
| Insurance - Liability | 32,135 | 82,360 | 38,596 | 40,703 | 44,386 | 9.0% |
| Insurance - Auto | - | 800 | 302 | 1,127 | 371 | -67.1% |
| Insurance - Property | 31,089 | 21,297 | 45,181 | 53,077 | 62,826 | 18.4% |
| Licenses | 28,295 | 25,004 | 44,487 | 55,003 | 55,003 | 0.0% |
| Minor Equip - Shop & Field | 14,255 | 45,441 | 16,915 | 20,000 | 18,400 | -8.0% |
| Miscellaneous | 26,344 | 15,491 | 6,901 | - | 3,000 | |
| Postage/Shipping | 2,380 | 2,536 | 1,583 | 2,525 | 2,525 | 0.0% |
| Preemployment Screening | 203 | 444 | 833 | 700 | 700 | 0.0% |
| Printing | 183 | 1,256 | 1,871 | 1,400 | 1,400 | 0.0% |
| Rent | 99,472 | 104,255 | 120,856 | 101,201 | 117,113 | 15.7% |
| Repair Parts Expense | 213,972 | 170,818 | 194,885 | 200,600 | 203,900 | 1.6% |
| Retrofit Expenses | - | - | 105,000 | 105,000 | 105,000 | 0.0% |
| Seminars/Education | 13,578 | 3,256 | 3,947 | 15,000 | 15,000 | 0.0% |
| Services - Accounting | 22,000 | 28,800 | 26,100 | 27,300 | 33,000 | 20.9% |
| Services - Alarm | 15,660 | 8,654 | 10,517 | 11,650 | 11,650 | 0.0% |
| Services - Biosolids Hauling | 197,362 | 206,769 | 211,826 | 216,000 | 205,000 | -5.1% |

*Cost detail continued on next page.*

## *Cost Detail Continued*

| Operating Cost | Actual 2018-19 | Actual 2019-20 | Estimated Actual 2020-21 | Adopted Budget 2020-21 | Recommended Budget 2021-22 | % Change |
|---|---|---|---|---|---|---|
| Services - Engineering | $ 202,794 | $ 130,792 | $ 327,505 | $ 590,500 | $ 500,000 | -15.3% |
| Services - Fire Control | 13,000 | 33,261 | 6,131 | 8,000 | 8,000 | 0.0% |
| Services - Grease & Scum | 17,257 | 15,040 | 26,332 | 29,900 | 20,000 | -33.1% |
| Services - Grit & Screenings | 49,017 | 42,688 | 47,883 | 45,000 | 42,900 | -4.7% |
| Services - Janitorial | 11,955 | 16,885 | 14,000 | 15,000 | 15,450 | 3.0% |
| Services - Laboratory | 42,292 | 38,146 | 40,462 | 44,000 | 44,000 | 0.0% |
| Services - Landscape | 62,871 | 34,167 | 46,474 | 55,000 | 55,000 | 0.0% |
| Services - Legal | 52,309 | 55,985 | 46,650 | 71,200 | 71,200 | 0.0% |
| Services - Lobbying | 14,432 | 10,442 | 29,788 | 17,800 | 17,800 | 0.0% |
| Services - Maintenance | 149,227 | 98,069 | 129,965 | 85,350 | 101,650 | 19.1% |
| Services - Medical | 2,038 | 1,577 | 14,606 | 2,160 | 8,160 | 277.8% |
| Services - Other | 46 | 52 | 84 | 1,600 | 1,600 | 0.0% |
| Services - Professional | 233,844 | 105,362 | 261,691 | 180,000 | 239,000 | 32.8% |
| Services - Temp | 105,437 | 98,325 | 86,550 | 71,000 | 109,800 | 54.6% |
| Services - IT/GIS Support | 33,736 | 48,751 | 101,347 | 114,502 | 117,935 | 3.0% |
| Services - EWA Support | 14,368 | 14,572 | 18,580 | 19,580 | 19,580 | 0.0% |
| Services - Contractors | 36,940 | 81,960 | 74,062 | 97,000 | 97,000 | 0.0% |
| Services - Testing | 26 | - | - | 1,000 | 1,000 | 0.0% |
| Services - Uniforms | 6,792 | 6,586 | 11,229 | 11,002 | 11,002 | 0.0% |
| Subscription | 59 | 949 | 2,011 | 1,000 | 1,000 | 0.0% |
| Subsistence - Meals | 2,081 | 759 | - | 2,720 | 2,720 | 0.0% |
| Subsistence - Travel/Rm & Bd | 13,078 | 1,154 | 2,000 | 9,600 | 9,600 | 0.0% |
| Supplies - Chem - Ferrous Chlo | 73,860 | 83,955 | 80,330 | 78,000 | 80,000 | 2.6% |
| Supplies - Chem - Odor | 73,188 | 52,522 | 106,947 | 120,000 | 108,000 | -10.0% |
| Supplies - Chem - Polymer | 73,693 | 80,888 | 74,616 | 75,000 | 75,000 | 0.0% |
| Supplies - Chem - Sodium Hypo | 46,811 | 61,576 | 91,082 | 80,000 | 80,000 | 0.0% |
| Supplies - Chemicals | 63,286 | 50,045 | 49,167 | 69,800 | 69,800 | 0.0% |
| Supplies - Janitorial | 2,533 | 2,936 | 4,684 | 3,050 | 3,050 | 0.0% |
| Supplies - Lab | 60,676 | 91,633 | 85,687 | 57,500 | 88,000 | 53.0% |
| Supplies - Office | 17,013 | 16,188 | 13,613 | 14,515 | 14,515 | 0.0% |
| Supplies - Safety | 14,977 | 15,062 | 7,522 | 11,200 | 11,200 | 0.0% |
| Supplies - Shop & Field | 19,625 | 14,556 | 24,927 | 22,005 | 22,005 | 0.0% |
| Training | 2,581 | - | 7,422 | 15,315 | 15,315 | 0.0% |
| Training - Safety | 3,390 | 2,795 | 4,786 | 9,655 | 9,655 | 0.0% |
| Utilities - Gas & Electric | 710,385 | 664,516 | 778,850 | 807,400 | 815,900 | 1.1% |
| Utilities - Internet | 4,581 | 5,181 | 6,394 | 5,325 | 5,325 | 0.0% |
| Utilities - Telephone | 29,103 | 36,810 | 28,687 | 32,890 | 32,890 | 0.0% |
| Utilities - Trash | 2,913 | 3,075 | 3,182 | 3,000 | 3,200 | 6.7% |
| Utilities - Water | 26,963 | 26,069 | 88,984 | 62,450 | 41,950 | -32.8% |
| Utilities - Water (Suppl.) | 13,449 | 20,267 | - | 16,000 | 16,000 | 0.0% |
| Vehicle Maintenance | 11,137 | 5,511 | 16,726 | 12,220 | 12,220 | 0.0% |
| | $ 3,148,507 | $ 2,945,034 | $ 3,717,144 | $ 3,956,229 | $ 4,023,022 | 1.7% |
| Capital Outlay | $ 74,263 | $ 72,021 | $ 127,870 | $ 126,500 | $ 96,900 | -23.4% |
| Contingency | - | - | - | 164,230 | 159,000 | -3.2% |
| Total Operating Cost | $ 6,316,275 | $ 6,847,089 | $ 7,307,377 | $ 7,706,417 | $ 8,003,112 | 3.8% |

# COST DETAIL BY PROGRAM


## PROMOTING PUBLIC CONFIDENCE THROUGH RELIABLE WATER QUALITY

The laboratory located at the San Elijo Water Campus is made up of a team of talented staff that achieve the highest water quality standards. SEJPA added additional staff to meet new California standards for Environmental Laboratory Accreditation Program requirements and continue to exceed water quality standards.

## *STAFF ALLOCATION*

Staff time is budgeted based on estimates of actual time required by each program. Actual program staff time is recorded daily. Administrative time is allocated to all programs. Below is a table showing the percentages of direct labor for each program by fiscal year:

| Program | Actual 2018-19 | Actual 2019-20 | Estimated Actual 2020-21 | Adopted Budget 2020-21 | Recommended Budget 2021-22 |
|---|---|---|---|---|---|
| Wastewater Treatment | 45.9% | 45.9% | 38.8% | 39.6% | 37.2% |
| Laboratory Services | 14.0% | 12.7% | 17.2% | 15.4% | 17.2% |
| Ocean Outfall | 10.2% | 10.3% | 11.4% | 11.5% | 13.4% |
| Cardiff Sanitation District Pump Stations | 4.1% | 3.7% | 4.5% | 4.5% | 4.4% |
| Encinitas Sanitation District Pump Station | 1.5% | 1.8% | 2.1% | 2.1% | 2.1% |
| Encinitas Urban and Stormwater Services | 0.6% | 0.6% | 0.7% | 0.7% | 0.7% |
| Solana Beach Pump Stations | 4.6% | 6.2% | 6.0% | 6.1% | 5.9% |
| Solana Beach Urban and Stormwater Services | 0.2% | 0.2% | 0.2% | 0.2% | 0.2% |
| Del Mar Pump Station | 0.6% | 1.0% | 1.1% | 1.1% | 1.1% |
| Recycled Water | 18.3% | 17.6% | 18.0% | 18.8% | 17.6% |
| Total | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |

## *WASTEWATER TREATMENT*

### PROGRAM DESCRIPTION

Wastewater Treatment is the primary cost center for operation and maintenance activities at the San Elijo Water Campus. Activities currently include full secondary wastewater treatment for the cities of Encinitas, Solana Beach, and Del Mar, as well as the Rancho Santa Fe Community Services District, with the effluent being recycled or disposed to the ocean. Wastewater biosolids are treated and dewatered, then hauled by a contractor to a privately-operated land application site in Arizona for beneficial reuse.

### 2020-21 ESTIMATED ACTUAL EXPENDITURES

Wastewater Treatment Supplies and Services are projected to end the year at budget. This is due to a combination of multiple variances consisting of the following:

| Expenditure Description | Over/(Under) Budget | Explanation |
|---|---|---|
| Miscellaneous | $6,901 | COVID-19 sanitizing supplies not budgeted |
| Services – Engineering | 19,041 | Additional engineering services required related to painting and coatings, operation plan update, and stormwater diversion grants |
| Services – Laboratory (Outsource) | (5,000) | Services required less than anticipated |
| Services – Maintenance | 23,211 | Services required more than anticipated |
| Services – Medical | 10,020 | Employee COVID-19 tests not budgeted |
| Services – Temp | 5,835 | Staffing coverage during COVID-19 pandemic |
| Subsistence – Travel/Rm & Bd | (5,000) | Traveling restrictions due to COVID-19 pandemic |
| Supplies – Safety | (5,412) | Demand less than anticipated |
| Utilities – Gas & Electric | (9,992) | Electricity demand lower than anticipated |
| All Others | (37,995) | |
| **Total Supplies and Services Change** | **$1,609** | |

## FY 2021-22 ADOPTED BUDGET

Overall, the Wastewater Treatment operating budget is proposed to increase by $96,920 or 3.1% from the prior year's budget. Personnel expense is planned to increase $17,078 or 1.2% over FY 2020-21 Budget. Supplies and Services is planned to increase by $78,142 or 4.8%. Other expenses have been adjusted from prior year's budget based on providing the required level of service. Contingency funding has been set at $76,000 which is 4.5% of the budgeted Supplies and Services costs. This provides funding for unplanned additional expense impacting the Wastewater Program. The year over year variance is due to a combination of the following:

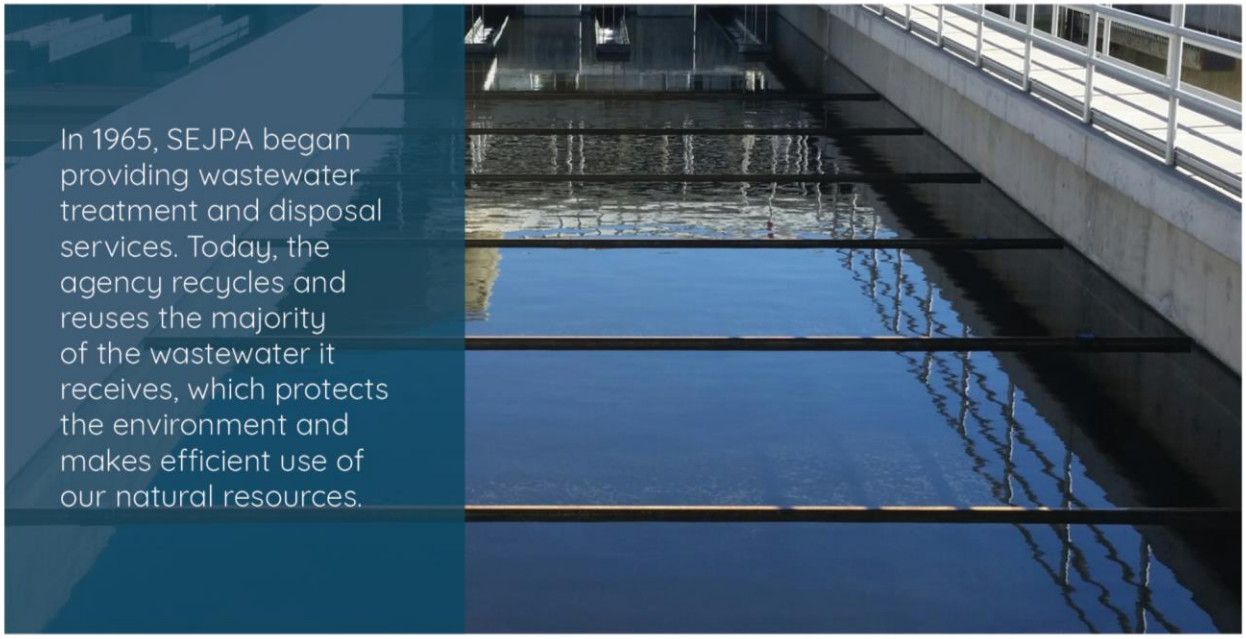
| Expenditure Description | Increase/(Decrease) Year over Year | Explanation |
|---|---|---|
| Services – Biosolids Hauling | (11,000) | Adjusted based on contract rate and estimated volume of biosolids |
| Services – Engineering | 71,250 | Engineering services not completed in prior fiscal year |
| Services – Grease & Scum | (5,000) | Adjust down to actual expenses |
| Services – Laboratory (Outsource) | (5,000) | Adjust down due to one-time testing completed |
| Services – Maintenance | 12,000 | Anticipated maintenance based on asset management |
| Services – Medical | 6,000 | Anticipate employee COVID-19 test expenses |
| Services – Professional | 17,250 | Various professional services for the year |
| Services – Temp | (9,452) | Services required less than anticipated |
| Supplies – Chem – Odor | (12,000) | Demand less than anticipated |
| Utilities – Gas & Electric | 14,000 | Anticipate rate increase |
| Utilities – Water | (20,000) | Adjust down to actual expense, decreased landscape irrigation needs |
| All Others | 20,094 | |
| **Total Supplies and Services Change** | **$78,142** | |


## MAINTAINING A TRACK RECORD OF SUCCESS

SEJPA's compliance and safety records are among the best in the industry. In 2020, all compliance requirements were met and the agency incurred zero missed work days due to injury. SEJPA was recognized by CWEA as the Safety Plant of the Year and awarded the 2020 CSRMA Workers' Compensation Excellence Award for our injury prevention and safety programs.

### *Wastewater Treatment Cost Summary*

| Operating Cost | Actual 2018-19 | Actual 2019-20 | Estimated Actual 2020-21 | Adopted Budget 2020-21 | Recommended Budget 2021-22 |
|---|---|---|---|---|---|
| Personnel | $ 1,424,475 | $ 1,805,300 | $ 1,379,645 | $ 1,391,059 | $ 1,408,137 |
| Supplies and Services | 1,420,916 | 1,374,426 | 1,615,999 | 1,614,389 | 1,692,531 |
| Capital Outlay | 47,755 | 46,463 | 27,870 | 25,000 | 26,000 |
| Contingency | - | - | - | 75,300 | 76,000 |
| Total Operating Cost | $ 2,893,146 | $ 3,226,189 | $ 3,023,514 | $ 3,105,748 | $ 3,202,668 |
| Capital Costs | 120,000 | 948,177 | 1,070,000 | 1,070,000 | 1,240,000 |
| Total Operating and Capital Costs | $ 3,013,146 | $ 4,174,366 | $ 4,093,514 | $ 4,175,748 | $ 4,442,668 |
| Debt Service | | | | | |
| 2011 Refunding Bonds | $ 1,478,068 | $ 121,468 | $ 123,420 | $ 123,420 | $ - |
| 2017 Revenue Bonds | 902,775 | 1,337,775 | 1,339,725 | 1,339,725 | 1,336,225 |
| Total Debt Service | $ 2,380,843 | $ 1,459,243 | $ 1,463,145 | $ 1,463,145 | $ 1,336,225 |
| Total Costs | $ 5,393,989 | $ 5,633,609 | $ 5,556,659 | $ 5,638,893 | $ 5,778,893 |




## *Wastewater Treatment Operating Cost Detail*

| Operating Cost | Actual 2018-19 | Actual 2019-20 | Estimated Actual 2020-21 | Adopted Budget 2020-21 | Recommended Budget 2021-22 |
|---|---|---|---|---|---|
| **Personnel** | | | | | |
| Direct Salaries and Wages | $ 1,009,717 | $ 1,067,665 | $ 919,999 | $ 948,695 | $ 936,000 |
| FICA Tax | - | 89 | 188 | - | - |
| Medicare Tax | 15,317 | 15,262 | 16,323 | 13,884 | 14,562 |
| State Unemployment Tax | 3,155 | 2,166 | 2,279 | 4,134 | 4,224 |
| Standby Pay | 7,503 | 8,706 | 9,152 | 9,254 | 9,624 |
| Overtime Pay | 19,676 | 14,808 | 31,014 | 15,448 | 17,361 |
| Dental/Vision | 11,782 | 11,042 | 8,738 | 11,889 | 11,180 |
| Employee Assistance Program | 638 | 678 | 522 | 1,698 | 1,596 |
| Life Insurance/Disability | 6,444 | 6,280 | 7,037 | 7,838 | 7,802 |
| Workers Comp. Insurance | 17,364 | 27,303 | 17,522 | 20,242 | 19,977 |
| Medical Insurance - Pers | 121,954 | 111,999 | 110,543 | 117,220 | 112,717 |
| Retirement Plan - CalPERS & PARS Trust | 166,098 | 496,091 | 211,261 | 193,016 | 223,255 |
| Deferred Comp-employer | 37,484 | 36,073 | 38,162 | 40,245 | 42,210 |
| Uniforms - Boots | 1,334 | 1,327 | 1,896 | 1,905 | 1,946 |
| Payroll Processing Fees | 4,902 | 4,966 | 5,007 | 4,556 | 4,710 |
| Other Personnel Costs | 1,107 | 845 | - | 1,035 | 973 |
| | $ 1,424,475 | $ 1,805,300 | $ 1,379,645 | $ 1,391,059 | $ 1,408,137 |

*Cost detail continued on next page.*

## *Wastewater Treatment Operating Cost Detail Continued*

| Operating Cost | Actual 2018-19 | Actual 2019-20 | Estimated Actual 2020-21 | Adopted Budget 2020-21 | Recommended Budget 2021-22 |
|---|---|---|---|---|---|
| **Supplies and Services** | | | | | |
| Advertising | $ 1,262 | $ 1,621 | $ - | $ 1,857 | $ 1,857 |
| Bank Service Charges | 7,338 | 6,842 | 7,334 | 8,300 | 8,300 |
| Board Expense | 386 | 881 | 288 | 150 | 1,360 |
| Dues & Memberships | 13,481 | 12,600 | 11,648 | 14,500 | 14,500 |
| Equipment Rental/Lease | 34,104 | 23,417 | 8,630 | 11,900 | 11,900 |
| Fees - Disposal | 830 | 518 | 216 | 1,000 | 1,000 |
| Fees - Permits | 29,996 | 34,211 | 32,141 | 31,400 | 35,000 |
| Fines | - | - | 22 | - | - |
| Fuel | 5,040 | 10,593 | 6,481 | 5,954 | 5,954 |
| Insurance - Liability | 16,067 | 41,618 | 21,658 | 22,573 | 24,907 |
| Insurance - Auto | - | - | 83 | 432 | 96 |
| Insurance - Property | 15,545 | 8,149 | 23,547 | 27,971 | 32,767 |
| Licenses | 6,762 | - | 23,458 | 23,748 | 23,748 |
| Minor Equip - Shop & Field | 11,141 | 31,716 | 9,954 | 10,600 | 9,000 |
| Miscellaneous | 3,133 | 15,328 | 6,901 | - | 3,000 |
| Postage/Shipping | 1,217 | 1,380 | 724 | 1,550 | 975 |
| Preemployment Screening | 94 | 198 | 359 | 302 | 302 |
| Printing | 138 | 538 | 895 | 750 | 750 |
| Rent | 1,179 | 1,203 | 570 | 518 | 518 |
| Repair Parts Expense | 120,139 | 94,135 | 110,426 | 115,000 | 115,000 |
| Seminars/Education | 6,259 | 2,578 | 2,552 | 5,000 | 5,000 |
| Services - Accounting | 11,000 | 14,400 | 12,758 | 13,650 | 16,500 |
| Services - Alarm | 5,082 | 1,298 | 2,130 | 2,500 | 2,500 |
| Services - Biosolids Hauling | 197,362 | 206,769 | 211,826 | 216,000 | 205,000 |
| Services - Engineering | 63,064 | 72,111 | 79,041 | 60,000 | 131,250 |
| Services - Fire Control | 13,000 | 33,261 | 6,131 | 6,000 | 6,000 |
| Services - Grease & Scum | 17,257 | 15,040 | 25,432 | 25,000 | 20,000 |
| Services - Grit & Screenings | 22,521 | 21,994 | 20,500 | 21,000 | 23,000 |
| Services - Janitorial | 11,955 | 15,820 | 14,000 | 13,500 | 13,905 |
| Services - Laboratory (Outsource) | 2,790 | - | 4,000 | 9,000 | 4,000 |
| Services - Landscape | 62,031 | 33,176 | 46,474 | 49,000 | 49,000 |
| Services - Legal | 31,500 | 50,461 | 41,191 | 43,000 | 43,000 |
| Services - Maintenance | 60,026 | 47,519 | 56,211 | 33,000 | 45,000 |
| Services - Medical | 986 | 410 | 11,020 | 1,000 | 7,000 |
| Services - Other | 14 | 43 | 24 | 300 | 300 |
| Services - Professional | 34,856 | 6,458 | 54,046 | 50,000 | 67,250 |
| Services - Temp | 47,927 | 53,603 | 43,835 | 38,000 | 28,548 |
| Services - IT/GIS Support | 14,678 | - | 56,610 | 56,984 | 58,694 |
| Services - EWA Support | 6,810 | 5,970 | 8,200 | 8,200 | 8,200 |
| Services - Contractors | 5,730 | 13,209 | 49,892 | 50,000 | 50,000 |
| Services - Testing | - | - | - | 1,000 | 1,000 |
| Services - Uniforms | 3,142 | 2,947 | 4,839 | 4,750 | 4,750 |
| Subscriptions | 59 | 833 | 1,006 | 900 | 900 |
| Subsistence - Meals | 1,408 | 548 | - | 1,500 | 1,500 |
| Subsistence - Travel/Rm & Bd | 7,527 | 967 | 1,000 | 6,000 | 6,000 |
| Supplies - Chem - Ferrous Chlo | 73,860 | 83,955 | 80,330 | 78,000 | 80,000 |
| Supplies - Chem - Odor | 21,455 | 16,088 | 30,981 | 32,000 | 20,000 |
| Supplies - Chem - Polymer | 69,969 | 79,646 | 71,639 | 72,000 | 72,000 |
| Supplies - Chem - Sodium Hypo | - | 7,203 | 18,074 | 20,000 | 20,000 |
| Supplies - Chemicals | 3,628 | 1,570 | 4,090 | 4,500 | 4,500 |
| Supplies - Janitorial | 2,533 | 2,936 | 4,684 | 2,800 | 2,800 |
| Supplies - Lab | 3,280 | 2,456 | 1,555 | 4,500 | 3,000 |
| Supplies - Office | 12,359 | 13,747 | 10,359 | 11,000 | 11,000 |
| Supplies - Safety | 12,270 | 12,574 | 2,888 | 8,300 | 8,300 |
| Supplies - Shop & Field | 16,561 | 13,810 | 17,243 | 17,500 | 17,500 |
| Training | 1,331 | - | 5,008 | 6,500 | 6,500 |
| Training - Safety | 1,635 | 2,557 | 3,854 | 4,300 | 4,300 |
| Utilities - Gas & Electric | 260,723 | 205,897 | 270,008 | 280,000 | 294,000 |
| Utilities - Internet | 1,973 | 2,500 | 2,760 | 2,500 | 2,500 |
| Utilities - Telephone | 14,937 | 18,491 | 15,058 | 17,000 | 17,000 |
| Utilities - Trash | 2,913 | 3,075 | 3,182 | 3,000 | 3,200 |
| Utilities - Water | 22,923 | 21,143 | 49,984 | 50,000 | 30,000 |
| Vehicle Maintenance | 3,730 | 2,415 | 6,249 | 6,700 | 6,700 |
| | $ 1,420,916 | $ 1,374,426 | $ 1,615,999 | $ 1,614,389 | $ 1,692,531 |
| Capital Outlay | $ 47,755 | $ 46,463 | $ 27,870 | $ 25,000 | $ 26,000 |
| Contingency | - | - | - | 75,300 | 76,000 |
| Total Operating Cost | $ 2,893,146 | $ 3,226,189 | $ 3,023,514 | $ 3,105,748 | $ 3,202,668 |

# *LABORATORY SERVICES*

## PROGRAM DESCRIPTION

The laboratory located at the San Elijo Water Campus provides analytical services for SEJPA's Wastewater and Recycled Water Programs as well as to other entities through contract agreements. The FY 2021-22 contract agreements include the Fairbanks Ranch Community Services District, the Rancho Santa Fe Community Services District, the Santa Fe Valley Community Services District, the Whispering Palms Community Services District, and The Nature Collective (formerly Lagoon Conservancy).

## FY 2020-21 ESTIMATED ACTUAL EXPENDITURES

Laboratory Services are expected to be approximately $32,340 or 4.7% over budget. Personnel expenses are estimated to be over budget by $41,779 or 7.8% as the result of employing appropriate staffing level to uphold the integrity of work performed to comply with Environmental Laboratory Accreditation Program (ELAP) regulatory changes.

## FY 2021-22 ADOPTED BUDGET

The Laboratory Services budget for FY 2021-22 will be $151,993 or 22.1% higher than last year's budgeted level. Personnel expense will increase $104,878 or 19.5%. Supplies and Services will increase $49,815 or 38.1%. Both increases are due to Environmental Laboratory Accreditation Program (ELAP) compliance, which includes specialized supplies and equipment and additional staffing to uphold the integrity of the work performed. Contingency funding decreased to $5,000, which is approximately 2.8% of the budgeted Supplies and Services expense.

### *Laboratory Cost Summary*

| Operating Cost | Actual 2018-19 | Actual 2019-20 | Estimated Actual 2020-21 | Adopted Budget 2020-21 | Recommended Budget 2021-22 |
|---|---|---|---|---|---|
| Personnel | $ 428,381 | $ 419,700 | $ 578,690 | $ 536,910 | $ 641,788 |
| Supplies and Services | 127,388 | 135,554 | 129,867 | 130,707 | 180,522 |
| Capital Outlay | 9,213 | 1,077 | 13,000 | 13,900 | 13,900 |
| Contingency | - | - | - | 7,700 | 5,000 |
| Total Operating Cost | $ 564,982 | $ 556,331 | $ 721,557 | $ 689,217 | $ 841,210 |

## *Laboratory Operating Cost Detail*

| Operating Cost | Actual 2018-19 | Actual 2019-20 | Estimated Actual 2020-21 | Adopted Budget 2020-21 | Recommended Budget 2021-22 |
|---|---|---|---|---|---|
| **Personnel** | | | | | |
| Direct Salaries and Wages | $ 307,435 | $ 294,458 | $ 406,679 | $ 367,200 | $ 432,577 |
| FICA Tax | 100 | 806 | 1,292 | 1,340 | 3,029 |
| Medicare Tax | 4,697 | 4,371 | 5,503 | 5,452 | 6,584 |
| State Unemployment Tax | 753 | 621 | 860 | 1,623 | 1,910 |
| Overtime Pay | 10,123 | 5,863 | 9,260 | 4,374 | 4,916 |
| Dental/Vision | 3,321 | 3,305 | 3,430 | 4,668 | 5,055 |
| Employee Assistance Program | - | - | 205 | 667 | 722 |
| Life Insurance/Disability | 1,842 | 1,870 | 2,763 | 3,078 | 3,528 |
| Workers Comp. Insurance | 5,341 | 8,170 | 6,879 | 7,948 | 9,032 |
| Medical Insurance - Pers | 34,806 | 33,426 | 43,396 | 46,026 | 50,962 |
| Retirement Plan - CalPERS & PARS Trust | 47,405 | 54,041 | 82,936 | 75,788 | 100,939 |
| Deferred Comp-employer | 10,451 | 10,706 | 12,813 | 15,802 | 19,084 |
| Uniforms - Boots | 354 | 397 | 708 | 748 | 880 |
| Payroll Processing Fees | 1,399 | 1,486 | 1,966 | 1,789 | 2,130 |
| Other Personnel Costs | 354 | 180 | - | 407 | 440 |
| | $ 428,381 | $ 419,700 | $ 578,690 | $ 536,910 | $ 641,788 |
| **Supplies and Services** | | | | | |
| Advertising | $ 26 | $ - | $ 980 | $ 730 | $ 730 |
| Dues & Memberships | 397 | 638 | 655 | 600 | 600 |
| Fees - Disposal | - | 60 | 606 | - | - |
| Fees - Permits | 5,294 | 6,352 | 6,352 | 6,500 | 6,500 |
| Fuel | 285 | 212 | 185 | 329 | 329 |
| Insurance - Liability | - | - | 1,550 | 1,907 | 1,782 |
| Insurance - Auto | - | - | 33 | 170 | 38 |
| Insurance - Property | - | - | 3,686 | 4,028 | 5,102 |
| Licenses | 532 | - | 5,288 | 9,334 | 9,334 |
| Minor Equip - Shop & Field | 2,025 | 4,142 | 316 | 1,200 | 1,200 |
| Postage/Shipping | 489 | 805 | 638 | 400 | 975 |
| Preemployment Screening | 27 | 59 | 141 | 119 | 119 |
| Printing | 7 | 307 | 292 | 160 | 160 |
| Rent | - | - | 185 | 204 | 204 |
| Repair Parts Expense | 2,288 | 1,422 | 1,956 | 2,000 | 2,000 |
| Seminars/Education | - | - | 658 | 3,000 | 3,000 |
| Services - Janitorial | - | 1,065 | - | 1,500 | 1,545 |
| Services - Laboratory | 32,914 | 28,585 | 32,528 | 30,000 | 35,000 |
| Services - Legal | - | 207 | - | 200 | 200 |
| Services - Maintenance | 728 | 5,448 | 8,151 | 2,000 | 5,000 |
| Services - Alarm | - | - | - | 335 | 335 |
| Services - Medical | 238 | 718 | 952 | 300 | 300 |
| Services - Other | 7 | 2 | - | 1,000 | 1,000 |
| Services - Professional | 30,516 | 20,601 | - | 10,000 | 10,000 |
| Services - Temp | 9,836 | 12,342 | 12,960 | 5,000 | 35,136 |
| Services - EWA Support | 1,315 | 2,078 | 1,400 | 2,400 | 2,400 |
| Services - Uniforms | 897 | 879 | 1,902 | 1,867 | 1,867 |
| Services - IT/GIS Support | 4,189 | 9,456 | 7,967 | 8,074 | 8,316 |
| Subsistence - Meals | 100 | 75 | - | 300 | 300 |
| Subsistence - Travel/Rm & Bd | - | - | - | 500 | 500 |
| Supplies - Laboratory | 24,527 | 34,125 | 31,052 | 25,000 | 35,000 |
| Supplies - Office | 2,899 | 2,428 | 1,176 | 2,000 | 2,000 |
| Supplies - Safety | 826 | 780 | 1,703 | 800 | 800 |
| Supplies - Shop & Field | 52 | - | 1,832 | 600 | 600 |
| Supplies - Janitorial | - | - | - | 250 | 250 |
| Training | - | - | 1,400 | 2,000 | 2,000 |
| Training - Safety | 211 | - | 278 | 1,500 | 1,500 |
| Utilities - Internet | 563 | 572 | 1,085 | 700 | 700 |
| Utilities - Telephone | 1,373 | 1,728 | 1,810 | 1,700 | 1,700 |
| Vehicle Maintenance | 4,827 | 468 | 150 | 2,000 | 2,000 |
| | $ 127,388 | $ 135,554 | $ 129,867 | $ 130,707 | $ 180,522 |
| Capital Outlay | $ 9,213 | $ 1,077 | $ 13,000 | $ 13,900 | $ 13,900 |
| Contingency | - | - | - | 7,700 | 5,000 |
| Total Operating Cost | $ 564,982 | $ 556,331 | $ 721,557 | $ 689,217 | $ 841,210 |

## *OCEAN OUTFALL*

### PROGRAM DESCRIPTION

This program is the cost center for all operation and maintenance services related to the Ocean Outfall system. These activities include effluent pump station operations and maintenance; ocean monitoring; sampling and testing; and outfall inspection. Outfall capacity is shared through an agreement between SEJPA and the City of Escondido; all operation and maintenance costs are shared based on actual usage (measured by discharged flows). Capital improvement project costs are shared based on leased/owned capacity (79% City of Escondido and 21% SEJPA).

### FY 2020-21 ESTIMATED ACTUAL EXPENDITURES

The Ocean Outfall Program is expected to be under budget this year by $259,889 or 25.8%. Personnel costs are projected to be $1,161 or 0.3% under budget. Supplies and Services are projected to be $226,928 or 39.2% under budget due to unspent funding for the plume tracking study. Unspent Plume Tracking Study budget will be carried forward to the FY 2021-22 budget. The contractor plans to complete the first deployment for data collection in late summer 2021.

### FY 2021-22 ADOPTED BUDGET

The Ocean Outfall Program budget for FY 2021-22 will increase $96,240 or 9.6%. Personnel costs are expected to increase $99,611 or 25.9%. Supplies and Services are expected to increase $12,429 or 2.1%. This significant increase is a result of a planned ocean outfall plume tracking study, required by the California Regional Water Quality Control Board. The City of Escondido, SEJPA, and Encina Wastewater Authority are collaborating on this research effort. Contingency funding decreased to $25,000, which is approximately 4.2% of the budgeted Supplies and Services costs. This provides funding for unforeseen events or repairs for facilities within the Ocean Outfall Program.

## Ocean Outfall Cost Summary

| Operating Cost | Actual 2018-19 | Actual 2019-20 | Estimated Actual 2020-21 | Adopted Budget 2020-21 | Recommended Budget 2021-22 |
|---|---|---|---|---|---|
| Personnel | $ 307,447 | $ 336,000 | $ 382,988 | $ 384,149 | $ 483,760 |
| Supplies and Services | 307,224 | 263,714 | 352,291 | 579,219 | 591,648 |
| Capital Outlay | 2,224 | 6,589 | 12,000 | 12,600 | 3,000 |
| Contingency | - | - | - | 31,200 | 25,000 |
| Total Operating Cost | $ 616,895 | $ 606,303 | $ 747,279 | $ 1,007,168 | $ 1,103,408 |
| Capital Costs | 300,000 | 288,800 | 185,000 | 185,000 | 120,000 |
| Total Costs | $ 916,895 | $ 895,103 | $ 932,279 | $ 1,192,168 | $ 1,223,408 |

## Ocean Outfall Operating Cost Detail

| Operating Cost | Actual 2018-19 | Actual 2019-20 | Estimated Actual 2020-21 | Adopted Budget 2020-21 | Recommended Budget 2021-22 |
|---|---|---|---|---|---|
| **Personnel** | | | | | |
| Direct Salaries and Wages | $ 223,258 | $ 238,153 | $ 269,605 | $ 273,837 | $ 337,366 |
| FICA Tax | 21 | 24 | 48 | - | - |
| Medicare Tax | 3,328 | 3,642 | 3,867 | 3,531 | 4,644 |
| State Unemployment Tax | 370 | 398 | 476 | 1,052 | 1,347 |
| Standby Pay | 1,560 | 2,013 | 2,327 | 1,908 | 1,984 |
| Overtime Pay | 1,926 | 3,594 | 5,269 | 2,176 | 2,446 |
| Dental/Vision | 2,420 | 2,532 | 2,221 | 3,024 | 3,565 |
| Employee Assistance Program | - | - | 133 | 432 | 509 |
| Life Insurance/Disability | 1,332 | 1,436 | 1,789 | 1,994 | 2,488 |
| Workers Comp. Insurance | 3,352 | 6,311 | 4,453 | 5,148 | 6,371 |
| Medical Insurance - Pers | 25,366 | 25,645 | 28,096 | 29,813 | 35,947 |
| Retirement Plan - CalPERS & PARS Trust | 34,548 | 41,685 | 53,651 | 49,091 | 71,199 |
| Deferred Comp-employer | 8,333 | 8,913 | 9,298 | 10,236 | 13,461 |
| Uniforms - Boots | 295 | 307 | 482 | 485 | 621 |
| Payroll Processing Fees | 1,020 | 1,148 | 1,273 | 1,159 | 1,502 |
| Other Personnel Costs | 318 | 199 | - | 263 | 310 |
| | $ 307,447 | $ 336,000 | $ 382,988 | $ 384,149 | $ 483,760 |

*Cost detail continued on next page.*

## *Ocean Outfall Operating Cost Detail Continued*

| Operating Cost | Actual 2018-19 | Actual 2019-20 | Estimated Actual 2020-21 | Adopted Budget 2020-21 | Recommended Budget 2021-22 |
|---|---|---|---|---|---|
| **Supplies and Services** | | | | | |
| Advertising | $ 84 | $ - | $ - | $ 429 | $ 429 |
| Board Expense | - | - | 117 | 60 | 544 |
| Dues & Memberships | 2,706 | 11,327 | 4,887 | 5,100 | 5,100 |
| Fees - Permits | 2,122 | 2,334 | 1,937 | 1,400 | 2,000 |
| Fuel | 865 | 937 | 908 | 997 | 997 |
| Insurance - Liability | 6,427 | 6,234 | 3,848 | 4,057 | 4,425 |
| Insurance - Auto | - | - | 19 | 100 | 22 |
| Insurance - Property | 6,218 | 8,859 | 4,515 | 5,303 | 6,279 |
| Licenses | 12,290 | 5,157 | 5,108 | 5,482 | 5,482 |
| Postage/Shipping | 224 | 152 | 47 | 100 | 100 |
| Preemployment Screening | 20 | 46 | 83 | 70 | 70 |
| Printing | 5 | 101 | 171 | 110 | 110 |
| Rent | - | - | 109 | 120 | 120 |
| Repair Parts Expense | 1,225 | 3,140 | 1,992 | 2,000 | 2,000 |
| Seminars/Education | 178 | 119 | 1,057 | 1,100 | 1,100 |
| Minor Equip - Shop & Field | - | 1,265 | 3,515 | 4,000 | 4,000 |
| Services - Accounting | 4,400 | 5,760 | 5,453 | 5,460 | 6,600 |
| Services - Engineering | 68,871 | 57,091 | 50,000 | 312,500 | 300,000 |
| Services - Landscape | - | 991 | - | 1,000 | 1,000 |
| Services - Laboratory | 3,330 | 1,217 | - | - | - |
| Services - Legal | 9,760 | 1,907 | 992 | 5,000 | 5,000 |
| Services - Maintenance | 20,110 | 1,231 | - | 2,000 | 2,000 |
| Services - Medical | 193 | 110 | 559 | 200 | 200 |
| Services - Other | 18 | 2 | - | - | - |
| Services - Professional | 43,757 | 57,376 | 113,848 | 81,600 | 77,400 |
| Services - IT/GIS Support | 3,053 | 7,929 | 9,381 | 10,615 | 10,933 |
| Services - Contractors | 9,000 | 27,865 | 24,170 | 27,000 | 27,000 |
| Services - Temp | 18,777 | 10,645 | 11,901 | 5,200 | 21,521 |
| Services - Uniforms | 653 | 677 | 1,133 | 1,096 | 1,096 |
| Services - Alarm | 1,099 | - | - | 300 | 300 |
| Services - EWA Support | 1,839 | 1,600 | 2,000 | 2,000 | 2,000 |
| Subscriptions | - | 46 | 402 | 50 | 50 |
| Subsistence - Meals | 93 | 56 | - | 20 | 20 |
| Subsistence - Travel/Rm & Bd | 956 | 57 | - | 100 | 100 |
| Supplies - Lab | 30,281 | 45,264 | 39,762 | 25,000 | 40,000 |
| Supplies - Office | 545 | - | 552 | 300 | 300 |
| Supplies - Safety | 396 | 444 | 279 | 350 | 350 |
| Supplies - Shop & Field | 436 | - | 1,076 | 400 | 400 |
| Training | - | - | 1,003 | 1,500 | 1,500 |
| Training - Safety | 512 | - | 164 | 900 | 900 |
| Utilities - Gas & Electric | 55,004 | 1,485 | 58,077 | 64,000 | 58,000 |
| Utilities - Internet | 410 | 440 | 638 | 500 | 500 |
| Utilities - Telephone | 1,001 | 1,334 | 1,064 | 1,200 | 1,200 |
| Vehicle Maintenance | 366 | 516 | 1,524 | 500 | 500 |
| | $ 307,224 | $ 263,714 | $ 352,291 | $ 579,219 | $ 591,648 |
| Capital Outlay | $ 2,224 | $ 6,589 | $ 12,000 | $ 12,600 | $ 3,000 |
| Contingency | - | - | - | 31,200 | 25,000 |
| Total Operating Cost | $ 616,895 | $ 606,303 | $ 747,279 | $ 1,007,168 | $ 1,103,408 |


## *CARDIFF SANITARY DIVISION PUMP STATIONS*

### PROGRAM DESCRIPTION

Under this program, SEJPA provides pump station operation and maintenance services to the City of Encinitas' Cardiff Sanitary Division (CSD). These facilities include the Cardiff, Coast Highway, and Olivenhain Pump Stations. The actual costs incurred are borne solely by the CSD.

### FY 2020-21 ESTIMATED ACTUAL EXPENDITURES

The CSD Pump Stations are expected to be $23,654 under budget, or 6.9%. Both Personnel expense and Supplies and Services are projected to be under budget.

### FY 2021-22 ADOPTED BUDGET

The CSD's Pump Station budget operating expense will decrease $46,562 or 13.6%. Personnel expense will increase by $7,287 or 4.7%. Supplies and Services will decrease by $56,030 or 33.0% as a result of the completion of the Arc Flash Studies at each of the three pump stations to protect employees from electrical explosion hazards. These Arc Flash Studies are required to be updated every 5 years. Contingency funding has been set at $19,500, which is approximately 17.2% of budgeted Supplies and Services costs. This provides funding for unforeseen events and repairs at any of the CSD Pump Stations. Overall, the CSD Pump Station budget will decrease by $216,562 or 42.3% due to the planned completion of a Capital Project to relocate part of the Cardiff Pump Station force main.

## *Cardiff Sanitary Division Cost Summary*

| Operating Cost | Actual 2018-19 | Actual 2019-20 | Estimated Actual 2020-21 | Adopted Budget 2020-21 | Recommended Budget 2021-22 |
|---|---|---|---|---|---|
| Personnel | $ 133,897 | $ 184,864 | $ 154,176 | $ 155,600 | $ 162,887 |
| Supplies and Services | 79,207 | 76,784 | 164,740 | 169,651 | 113,621 |
| Capital Outlay | - | - | - | - | - |
| Contingency | - | - | - | 17,319 | 19,500 |
| Total Operating Cost | $ 213,104 | $ 261,648 | $ 318,916 | $ 342,570 | $ 296,008 |
| Capital Costs | - | 250,000 | 170,000 | 170,000 | - |
| Total Costs | $ 213,104 | $ 511,648 | $ 488,916 | $ 512,570 | $ 296,008 |
| Cardiff Pump Station | $ 73,910 | $ 138,111 | $ 102,061 | $ 118,341 | $ 117,113 |
| Coast Blvd Pump Station | 44,764 | 36,236 | 80,752 | 75,331 | 59,438 |
| Olivenhain Pump Station | 94,430 | 87,301 | 136,103 | 148,898 | 119,457 |
| Total Operating Cost | $ 213,104 | $ 261,648 | $ 318,916 | $ 342,570 | $ 296,008 |

## *Cardiff Sanitary Division Operating Cost Detail*

| Operating Cost | Actual 2018-19 | Actual 2019-20 | Estimated Actual 2020-21 | Adopted Budget 2020-21 | Recommended Budget 2021-22 |
|---|---|---|---|---|---|
| **Personnel** | | | | | |
| Direct Salaries and Wages | $ 90,351 | $ 86,660 | $ 105,763 | $ 108,201 | $ 111,100 |
| FICA Tax | - | 9 | 20 | - | - |
| Medicare Tax | 1,389 | 1,132 | 1,640 | 1,475 | 1,585 |
| State Unemployment Tax | 178 | 114 | 165 | 440 | 460 |
| Standby Pay | 824 | 905 | 963 | 998 | 1,038 |
| Overtime Pay | 1,291 | 2,120 | 3,708 | 2,016 | 2,264 |
| Dental/Vision | 1,278 | 1,153 | 919 | 1,263 | 1,218 |
| Employee Assistance Program | - | - | 55 | 180 | 174 |
| Life Insurance/Disability | 708 | 657 | 740 | 833 | 850 |
| Workers Comp. Insurance | 2,056 | 2,837 | 1,842 | 2,151 | 2,175 |
| Medical Insurance - Pers | 13,395 | 11,701 | 11,622 | 12,457 | 12,277 |
| Retirement Plan - CalPERS & PARS Trust | 18,244 | 73,797 | 22,200 | 20,512 | 24,316 |
| Deferred Comp-employer | 3,372 | 3,036 | 3,815 | 4,277 | 4,598 |
| Uniforms - Boots | 136 | 138 | 199 | 202 | 212 |
| Payroll Processing Fees | 539 | 516 | 526 | 484 | 513 |
| Other Personnel Costs | 136 | 90 | - | 111 | 106 |
| | $ 133,897 | $ 184,864 | $ 154,176 | $ 155,600 | $ 162,887 |

*Cost detail continued on next page.*

## *Cardiff Sanitary Division Operating Cost Detail Continued*

| Operating Cost | Actual 2018-19 | Actual 2019-20 | Estimated Actual 2020-21 | Adopted Budget 2020-21 | Recommended Budget 2021-22 |
|---|---|---|---|---|---|
| **Supplies and Services** | | | | | |
| Advertising | $ 10 | $ - | $ - | $ 184 | $ 185 |
| Dues & Memberships | - | 23 | 72 | - | - |
| Equipment Rental/Lease | 2,586 | 3,293 | - | - | - |
| Fees - Permits | (11,327) | 1,957 | 1,510 | 2,600 | 2,600 |
| Fine | 475 | - | - | - | - |
| Fuel | 680 | 795 | 773 | 889 | 888 |
| Insurance - Liability | - | - | 1,648 | 1,742 | 1,895 |
| Insurance - Auto | - | - | 8 | 43 | 9 |
| Insurance - Property | - | - | 1,934 | 2,277 | 2,690 |
| Licenses | 673 | 2,068 | 2,642 | 2,354 | 2,354 |
| Minor Equip - Shop & Field | 172 | 175 | 79 | 1,200 | 1,200 |
| Postage/Shipping | 8 | 148 | 20 | 15 | 15 |
| Preemployment Screening | 10 | 21 | 36 | 30 | 30 |
| Printing | 3 | 45 | 73 | 60 | 60 |
| Rent | - | - | 47 | 51 | 51 |
| Repair Parts Expense | 27,379 | 11,662 | 26,529 | 15,000 | 15,000 |
| Seminars/Education | - | - | 25 | 700 | 700 |
| Services - Alarm | 1,868 | 2,076 | 2,100 | 1,307 | 1,307 |
| Services - Engineering | - | - | 44,082 | 51,000 | - |
| Services - Grease & Scum | - | - | - | 4,000 | - |
| Services - Grit & Screenings | 4,089 | - | 3,000 | 3,000 | - |
| Services - Legal | - | 72 | - | - | - |
| Services - Maintenance | 5,669 | 1,479 | 15,039 | 4,550 | 5,850 |
| Services - Medical | 92 | 50 | 240 | 90 | 90 |
| Services - Other | 2 | 1 | - | - | - |
| Services - Professional | - | 980 | - | - | - |
| Services - IT/GIS Support | 1,612 | 3,298 | 4,018 | 4,558 | 4,695 |
| Services - Temp | 225 | 1,660 | - | - | - |
| Services - Uniforms | 345 | 307 | 439 | 471 | 472 |
| Services - EWA Support | 506 | 726 | 1,200 | 1,200 | 1,200 |
| Services - Subcontractor | - | 11,330 | - | - | - |
| Subsistence - Meals | 25 | - | - | - | - |
| Supplies - Chemicals | 2,446 | 905 | 2,000 | 2,300 | 2,300 |
| Supplies - Chem - Odor | 21,215 | 11,300 | 29,289 | 40,000 | 40,000 |
| Supplies - Office | 81 | - | 238 | 80 | 80 |
| Supplies - Safety | 319 | 189 | 1,909 | 290 | 290 |
| Supplies - Shop & Field | 107 | 7 | 471 | 700 | 700 |
| Training | - | - | - | 810 | 810 |
| Training - Safety | 81 | - | 70 | 530 | 530 |
| Utilities - Gas & Electric | 15,571 | 18,029 | 19,770 | 22,400 | 22,400 |
| Utilities - Internet | 217 | 200 | 273 | 270 | 270 |
| Utilities - Telephone | 1,460 | 1,337 | 798 | 1,500 | 1,500 |
| Utilities - Water | 2,259 | 2,401 | 3,776 | 3,000 | 3,000 |
| Vehicle Maintenance | 349 | 249 | 632 | 450 | 450 |
| | $ 79,207 | $ 76,784 | $ 164,740 | $ 169,651 | $ 113,621 |
| Capital Outlay | $ - | $ - | $ - | $ - | $ - |
| Contingency | - | - | - | 17,319 | 19,500 |
| Total Operating Cost | $ 213,104 | $ 261,648 | $ 318,916 | $ 342,570 | $ 296,008 |

# *ENCINITAS SANITARY DIVISION PUMP STATION*

## PROGRAM DESCRIPTION

Under this program, SEJPA provides pump station operation and maintenance services to the Encinitas Sanitary Division (ESD), for the Moonlight Beach Pump Station, located in the City of Encinitas. The actual costs incurred are borne solely by the ESD.

## FY 2020-21 ESTIMATED ACTUAL EXPENDITURES

It is anticipated that the ESD Pump Station will be $15,725 or 8.4% below budget for FY 2020-21. Both Personnel and Supplies and Services are anticipated to be under budget.

## FY 2021-22 ADOPTED BUDGET

For FY 2021-22, the ESD Pump Station operating budget is planned to be $36,285 or 19.4% under FY 2020-21 due to the completion of the Arc Flash Study to protect employees from electrical explosion hazards. This Arc Flash Study is required to be updated every 5 years. Contingency funding has been set to $10,000, which is approximately 16.3% of budgeted supplies and services costs. This provides funding for unforeseen events and repairs at the pump station. FY 2021-22 includes $375,000 as the first year of funding for a new Capital Project to rehabilitate mechanical equipment at the Moonlight Beach pump station. The total project cost is estimated at $750,000 and remaining funds are planned to be collected in a future budget. Overall, the FY 2021-22 ESD Pump Station budget will increase by $338,715 or 180.7% to accommodate funding for the new capital project.

### *Encinitas Sanitary Division Pump Station Cost Summary*

| Operating Cost | Actual 2018-19 | Actual 2019-20 | Estimated Actual 2020-21 | Adopted Budget 2020-21 | Recommended Budget 2021-22 |
|---|---|---|---|---|---|
| Personnel | $ 53,434 | $ 88,365 | $ 70,546 | $ 71,600 | $ 76,019 |
| Supplies and Services | 88,806 | 43,111 | 76,198 | 80,869 | 61,165 |
| Capital Outlay | - | 3,782 | 25,000 | 25,000 | 4,000 |
| Contingency | - | - | - | 10,000 | 10,000 |
| Total Operating Cost | $ 142,240 | $ 135,258 | $ 171,744 | $ 187,469 | $ 151,184 |
| Capital Costs | - | - | - | - | 375,000 |
| Total Costs | $ 142,240 | $ 135,258 | $ 171,744 | $ 187,469 | $ 526,184 |

## *Encinitas Sanitary Division Pump Station Operating Cost Detail*

| Operating Cost | Actual 2018-19 | Actual 2019-20 | Estimated Actual 2020-21 | Adopted Budget 2020-21 | Recommended Budget 2021-22 |
|---|---|---|---|---|---|
| **Personnel** | | | | | |
| Direct Salaries and Wages | $ 32,729 | $ 42,662 | $ 48,943 | $ 50,618 | $ 52,633 |
| Medicare Tax | 525 | 648 | 744 | 660 | 725 |
| State Unemployment Tax | 63 | 56 | 96 | 197 | 210 |
| Standby Pay | 365 | 427 | 440 | 449 | 467 |
| Overtime Pay | 2,409 | 1,196 | 1,189 | 672 | 755 |
| Dental/Vision | 566 | 541 | 419 | 565 | 557 |
| Employee Assistance Program | - | - | 25 | 81 | 79 |
| Life Insurance/Disability | 314 | 308 | 338 | 373 | 388 |
| Workers Comp. Insurance | 910 | 1,339 | 841 | 962 | 995 |
| Medical Insurance - Pers | 5,933 | 5,489 | 5,304 | 5,574 | 5,612 |
| Retirement Plan - CalPERS & PARS Trust | 8,080 | 33,860 | 10,129 | 9,178 | 11,116 |
| Deferred Comp-employer | 1,181 | 1,488 | 1,747 | 1,914 | 2,102 |
| Uniforms - Boots | 60 | 65 | 91 | 91 | 97 |
| Payroll Processing Fees | 239 | 244 | 240 | 217 | 235 |
| Other Personnel Costs | 60 | 42 | - | 49 | 48 |
| | $ 53,434 | $ 88,365 | $ 70,546 | $ 71,600 | $ 76,019 |
| **Supplies and Services** | | | | | |
| Advertising | $ 5 | $ - | $ - | $ 81 | $ 81 |
| Dues & Memberships | - | 11 | 32 | - | - |
| Fees - Permits | 1,705 | 1,516 | 1,000 | 1,000 | 1,000 |
| Fines | 400 | - | - | - | - |
| Fuel | 349 | 199 | 386 | 597 | 597 |
| Insurance - Liability | - | - | 726 | 766 | 834 |
| Insurance - Auto | - | - | 4 | 19 | 4 |
| Insurance - Property | - | - | 851 | 1,001 | 1,184 |
| Licenses | 298 | 975 | 586 | 1,035 | 1,035 |
| Minor Equip - Shop & Field | 37 | 83 | 35 | - | - |
| Postage/Shipping | 245 | - | 9 | 240 | 240 |
| Preemployment Screening | 5 | 10 | 16 | 13 | 13 |
| Printing | 1 | 21 | 32 | 25 | 25 |
| Rent | - | - | 21 | 23 | 23 |
| Repair Parts Expense | 5,987 | 1,727 | - | 3,000 | 3,000 |
| Seminars/Education | - | - | 11 | 300 | 300 |
| Services - Alarm | 960 | 960 | 1,200 | 617 | 617 |
| Services - Grit & Screenings | 328 | - | - | - | - |
| Services - Engineering | 34,500 | - | 23,943 | 20,000 | - |
| Services - Legal | - | 34 | - | - | - |
| Services - Maintenance | 10,040 | 1,194 | 5,477 | 3,000 | 3,000 |
| Services - Medical | 41 | 23 | 105 | 40 | 40 |
| Services - Other | 1 | - | - | - | - |
| Services - Professional | - | 463 | - | - | - |
| Services - IT/GIS Support | 714 | 1,552 | 1,769 | 2,005 | 2,065 |
| Services - Temp | 100 | 781 | - | - | - |
| Services - EWA Support | 224 | 341 | 300 | 300 | 300 |
| Services - Uniforms | 153 | 144 | 212 | 207 | 207 |
| Subsistence - Meals | 11 | - | - | - | - |
| Supplies - Office | 36 | - | 106 | 20 | 20 |
| Supplies - Safety | 54 | 89 | 40 | 100 | 100 |
| Supplies - Shop & Field | 23 | 3 | 230 | 300 | 300 |
| Training | - | - | - | 340 | 340 |
| Training - Safety | 36 | - | 31 | 220 | 220 |
| Utilities - Gas & Electric | 32,068 | 32,137 | 38,296 | 45,000 | 45,000 |
| Utilities - Internet | 96 | 94 | 120 | 120 | 120 |
| Utilities - Telephone | 234 | 637 | 372 | 300 | 300 |
| Utilities - Trash | - | - | - | - | - |
| Vehicle Maintenance | 155 | 117 | 288 | 200 | 200 |
| | $ 88,806 | $ 43,111 | $ 76,198 | $ 80,869 | $ 61,165 |
| Capital Outlay | $ - | $ 3,782 | $ 25,000 | $ 25,000 | $ 4,000 |
| Contingency | - | - | - | 10,000 | 10,000 |
| Total Operating Cost | $ 142,240 | $ 135,258 | $ 171,744 | $ 187,469 | $ 151,184 |


# *CITY OF ENCINITAS URBAN AND STORMWATER SERVICES*

## PROGRAM DESCRIPTION

Under this program, SEJPA provides operation and maintenance services to the City of Encinitas. These services include the Urban Runoff Treatment Facility, the Phoebe Storm Water Pump Station, Cardiff Storm Water Diversion Structure, and the Storm Drain Sediment Drying and Disposal Program. The Phoebe Storm Water Pump Station and Urban Runoff Treatment Facility provide services to the City of Encinitas Clean Water Program for the protection of local creek, beach, and lagoon water quality. Under the Storm Drain Sediment Drying and Disposal Program, Member Agencies deliver sediment to the San Elijo Water Campus, where the sediment is dewatered, dried, tested, and disposed at a local landfill. This program is designed to comply with current storm water best management practices and is intended to reduce the overall disposal cost associated with wet sediment. The actual costs incurred are borne solely by the City of Encinitas.

## FY 2020-21 ESTIMATED ACTUAL EXPENDITURES

The City of Encinitas facilities, which include the Phoebe Storm Water Pump Station, the Urban Runoff Treatment Facility, Cardiff Storm Water Diversion Structure, and the Storm Drain Sediment Drying and Disposal program, are anticipated to end the year $5,198 above budget for the emergency storm drain sediment disposal requested by the City.

## FY 2021-22 ADOPTED BUDGET

These programs will be approximately $3,032 or 9.5% above last year's budgeted with $1,500 contingency funding designated for these programs. The budgeted cost increase is due to additional storm drain sediment cleaning being completed by the City of Encinitas with the sediment being hauled to SEJPA for dewatering, testing, and disposal.

### *City of Encinitas Urban and Stormwater Services Cost Summary*

| Operating Cost | Actual 2018-19 | Actual 2019-20 | Estimated Actual 2020-21 | Adopted Budget 2020-21 | Recommended Budget 2021-22 |
|---|---|---|---|---|---|
| Personnel | $ 19,979 | $ 20,807 | $ 22,343 | $ 22,627 | $ 25,262 |
| Supplies and Services | 10,440 | 12,144 | 14,871 | 8,183 | 8,286 |
| Capital Outlay | - | - | - | - | - |
| Contingency | - | - | - | 1,206 | 1,500 |
| Total Operating Cost | $ 30,419 | $ 32,951 | $ 37,214 | $ 32,016 | $ 35,048 |
| Phoebe Storm Drain | $ 4,020 | $ 4,489 | $ 3,660 | $ 4,334 | $ 4,218 |
| Urban Runoff Station | 15,221 | 15,483 | 17,588 | 18,161 | 18,850 |
| Storm Drain Sediment Drying | 11,180 | 12,979 | 15,966 | 9,521 | 11,980 |
| Total Operating Cost | $ 30,421 | $ 32,951 | $ 37,214 | $ 32,016 | $ 35,048 |

## *City of Encinitas Urban and Stormwater Services Operating Cost Detail*

| Operating Cost | Actual 2018-19 | Actual 2019-20 | Estimated Actual 2020-21 | Adopted Budget 2020-21 | Recommended Budget 2021-22 |
|---|---|---|---|---|---|
| **Personnel** | | | | | |
| Direct Salaries and Wages | $ 13,391 | $ 13,995 | $ 15,374 | $ 15,792 | $ 17,230 |
| FICA Tax | - | 1 | 3 | - | - |
| Medicare Tax | 200 | 219 | 262 | 214 | 248 |
| State Unemployment Tax | 25 | 23 | 55 | 63 | 72 |
| Standby Pay | 130 | 145 | 139 | 152 | 158 |
| Overtime Pay | 149 | 212 | 505 | 242 | 272 |
| Dental/Vision | 196 | 183 | 130 | 184 | 191 |
| Employee Assistance Program | - | - | 8 | 27 | 27 |
| Life Insurance/Disability | 109 | 104 | 105 | 122 | 133 |
| Workers Comp. Insurance | 316 | 453 | 262 | 312 | 341 |
| Medical Insurance - Pers | 2,057 | 1,859 | 1,652 | 1,808 | 1,925 |
| Retirement Plan - CalPERS & PARS Trust | 2,801 | 2,995 | 3,159 | 2,976 | 3,813 |
| Deferred Comp-employer | 480 | 499 | 584 | 621 | 721 |
| Uniforms - Boots | 21 | 22 | 29 | 29 | 34 |
| Payroll Processing Fees | 83 | 82 | 75 | 70 | 80 |
| Other Personnel Costs | 21 | 14 | - | 15 | 17 |
| | $ 19,979 | $ 20,807 | $ 22,343 | $ 22,627 | $ 25,262 |
| **Supplies and Services** | | | | | |
| Advertising | $ 2 | $ - | $ - | $ 32 | $ 32 |
| Dues & Memberships | - | 4 | 11 | - | - |
| Fuel | 72 | 68 | 54 | 83 | 83 |
| Insurance - Liability | - | - | 259 | 273 | 297 |
| Insurance - Auto | - | - | 42 | 56 | 58 |
| Insurance - Property | - | - | 263 | 309 | 365 |
| Licenses | 31 | 330 | 209 | 369 | 369 |
| Minor Equip - Shop & Field | - | 28 | 12 | - | - |
| Postage/Shipping | 1 | - | 35 | - | - |
| Preemployment Screening | 2 | 3 | 6 | 5 | 5 |
| Printing | - | 7 | 12 | 5 | 5 |
| Rent | - | - | 7 | 8 | 8 |
| Repair Parts Expense | 821 | 4 | - | 500 | 500 |
| Seminars/Education | - | - | 4 | 130 | 130 |
| Services - Grit & Screenings | 8,889 | 10,182 | 12,568 | 5,000 | 5,000 |
| Services - Legal | - | 11 | - | - | - |
| Services - Medical | 14 | 8 | 38 | 5 | 5 |
| Services - Temp | 35 | 264 | - | - | - |
| Services - Uniforms | 53 | 49 | 76 | 74 | 74 |
| Services - EWA Support | 78 | 116 | 140 | 140 | 140 |
| Subsistence - Meals | 4 | - | - | - | - |
| Supplies - Office | 12 | - | 31 | - | - |
| Supplies - Safety | 19 | 27 | 14 | 30 | 30 |
| Supplies - Shop & Field | 3 | - | 72 | 30 | 30 |
| Training | - | - | - | 125 | 125 |
| Training - Safety | 12 | - | 11 | 80 | 80 |
| Services - IT/GIS Support | 248 | 525 | 630 | 714 | 735 |
| Utilities - Internet | 33 | 32 | 43 | 40 | 40 |
| Utilities - Telephone | 81 | 450 | 243 | 140 | 140 |
| Utilities - Trash | - | - | - | - | - |
| Vehicle Maintenance | 30 | 36 | 91 | 35 | 35 |
| | $ 10,440 | $ 12,144 | $ 14,871 | $ 8,183 | $ 8,287 |
| Capital Outlay | $ - | $ - | $ - | $ - | $ - |
| Contingency | - | - | - | 1,206 | 1,500 |
| Total Operating Cost | $ 30,419 | $ 32,951 | $ 37,214 | $ 32,016 | $ 35,048 |


## *SOLANA BEACH PUMP STATIONS*

### PROGRAM DESCRIPTION

Under this program, SEJPA provides pump station operation and maintenance services to the City of Solana Beach (SB). These facilities include the Eden Gardens, Solana Beach, San Elijo Hills, and Fletcher Cove Pump Stations, Low Flow Diverters located at Fletcher Cove and Seascape Sur, as well as the Storm Drain Sediment Drying and Disposal Program. Under the Storm Drain Sediment Drying and Disposal program, Member Agencies deliver sediment to the San Elijo Water Campus, where the sediment is dewatered, dried, tested, and disposed at a local landfill. This program is designed to comply with current storm water best management practices and is intended to reduce the overall disposal cost associated with wet sediment. The actual costs incurred are paid for by the City of Solana Beach.

### FY 2020-21 ESTIMATED ACTUAL EXPENDITURES

The SB Pump Stations are forecasted to be below budget this year by $27,696 or 6.8%. The FY 2020-21 budget inadvertently reflected a transfer of odor control cost from Eden Gardens Pump Station to Solana Beach Pump Station. This issue has been corrected in the estimated actual for each pump station in the tables below and does not affect the total due for the program, just the allocation within the program.

### FY 2021-22 ADOPTED BUDGET

Overall, the SB Pump Stations operating expense is expected to increase by $9,441 or 2.3% from the prior year's budget. This increase is primarily due to general inflation across labor, supplies, and services. Contingency funding has been set to $20,000, which is approximately 11.1% of budgeted Supplies and Services costs for the pump stations. This provides funding for unforeseen events and repairs.

## *Solana Beach Pump Stations Cost Summary*

| Operating Cost | Actual 2018-19 | Actual 2019-20 | Estimated Actual 2020-21 | Adopted Budget 2020-21 | Recommended Budget 2021-22 |
|---|---|---|---|---|---|
| Personnel | $ 152,482 | $ 282,586 | $ 209,611 | $ 211,350 | $ 218,897 |
| Supplies and Services | 144,614 | 190,453 | 171,603 | 177,991 | 179,454 |
| Capital Outlay | 14,617 | - | - | - | - |
| Contingency | - | - | - | 19,569 | 20,000 |
| Total Operating Cost | $ 311,713 | $ 473,039 | $ 381,214 | $ 408,910 | $ 418,351 |
| Capital Costs | - | 20,000 | 25,000 | 25,000 | - |
| Total Costs | $ 311,713 | $ 493,039 | $ 406,214 | $ 433,910 | $ 418,351 |
| Eden Gardens Pump Station | $ 100,570 | $ 114,036 | $ 118,917 | $ 78,606 | $ 135,114 |
| Solana Beach Pump Station | 145,381 | 269,906 | 169,339 | 229,133 | 176,259 |
| San Elijo Hills Pump Station | 39,934 | 56,634 | 62,776 | 65,641 | 70,659 |
| Fletcher Cove Pump Station | 14,110 | 16,377 | 18,420 | 18,423 | 19,038 |
| Storm Drain Sediment Drying | 7,695 | 11,504 | 7,432 | 10,074 | 10,707 |
| Seascape Sur Low Flow Diverter | 2,280 | 2,625 | 2,250 | 3,517 | 3,357 |
| Fletcher Cove Low Flow Diverter | 1,743 | 1,957 | 2,080 | 3,516 | 3,217 |
| Total Operating Cost | $ 311,713 | $ 473,039 | $ 381,214 | $ 408,910 | $ 418,351 |

## *Solana Beach Pump Stations Operating Cost Detail*

| Operating Cost | Actual 2018-19 | Actual 2019-20 | Estimated Actual 2020-21 | Adopted Budget 2020-21 | Recommended Budget 2021-22 |
|---|---|---|---|---|---|
| **Personnel** | | | | | |
| Direct Salaries and Wages | $ 100,970 | $ 142,919 | $ 142,315 | $ 146,384 | $ 148,927 |
| FICA Tax | - | 13 | 27 | - | - |
| Medicare Tax | 1,561 | 2,141 | 2,233 | 2,030 | 2,150 |
| State Unemployment Tax | 213 | 167 | 204 | 605 | 624 |
| Standby Pay | 963 | 1,246 | 1,335 | 1,188 | 1,236 |
| Overtime Pay | 2,450 | 1,667 | 5,470 | 2,691 | 3,024 |
| Dental/Vision | 1,492 | 1,577 | 1,273 | 1,740 | 1,651 |
| Employee Assistance Program | - | - | 76 | 249 | 236 |
| Life Insurance/Disability | 826 | 894 | 1,025 | 1,147 | 1,151 |
| Workers Comp. Insurance | 2,400 | 3,932 | 2,552 | 2,962 | 2,949 |
| Medical Insurance - Pers | 15,637 | 15,964 | 16,101 | 17,143 | 16,638 |
| Retirement Plan - CalPERS & PARS Trust | 21,296 | 105,963 | 30,754 | 28,229 | 32,954 |
| Deferred Comp-employer | 3,728 | 5,073 | 5,240 | 5,885 | 6,229 |
| Uniforms - Boots | 159 | 191 | 277 | 279 | 288 |
| Payroll Processing Fees | 628 | 715 | 729 | 667 | 696 |
| Other Personnel Costs | 159 | 124 | - | 151 | 144 |
| | $ 152,482 | $ 282,586 | $ 209,611 | $ 211,350 | $ 218,897 |

*Cost detail continued on next page.*

## *Solana Beach Pump Stations Operating Cost Detail Continued*

| Operating Cost | Actual 2018-19 | Actual 2019-20 | Estimated Actual 2020-21 | Adopted Budget 2020-21 | Recommended Budget 2021-22 |
|---|---|---|---|---|---|
| **Supplies and Services** | | | | | |
| Advertising | $ 12 | $ - | $ - | $ 252 | $ 253 |
| Dues & Memberships | - | 31 | 100 | - | - |
| Equipment Rental/Lease | 13,569 | 3,293 | - | - | - |
| Fees - Permits | (4,710) | 2,832 | 3,000 | 3,000 | 3,000 |
| Fines | 475 | - | - | - | - |
| Fuel | 726 | 1,178 | 653 | 1,309 | 1,309 |
| Insurance - Liability | - | - | 2,289 | 2,406 | 2,632 |
| Insurance - Auto | - | - | 79 | 136 | 107 |
| Insurance - Property | - | - | 2,618 | 3,068 | 3,640 |
| Licenses | 761 | 2,857 | 1,848 | 3,251 | 3,253 |
| Minor Equip - Shop & Field | 93 | 243 | 110 | - | - |
| Postage/Shipping | 10 | - | 28 | 20 | 20 |
| Preemployment Screening | 12 | 29 | 49 | 41 | 41 |
| Printing | 3 | 63 | 102 | 75 | 75 |
| Rent | - | - | 65 | 71 | 71 |
| Repair Parts Expense | 14,616 | 14,238 | 7,826 | 11,000 | 13,500 |
| Seminars/Education | - | - | 34 | 1,141 | 1,140 |
| Services - Alarm | 2,518 | 960 | 1,200 | 1,741 | 1,741 |
| Services - Grit & Screenings | 10,902 | 10,182 | 8,815 | 13,000 | 11,000 |
| Services - Legal | - | 100 | - | - | - |
| Services - Maintenance | 5,402 | 5,318 | 12,348 | 5,250 | 5,250 |
| Services - Medical | 107 | 69 | 333 | 105 | 105 |
| Services - Other | 2 | 1 | - | - | - |
| Services - Professional | - | 1,306 | - | - | - |
| Services - Uniforms | 402 | 421 | 670 | 650 | 650 |
| Services - IT/GIS Support | 1,882 | 4,540 | 5,580 | 6,296 | 6,487 |
| Services - Temp | 263 | 2,277 | - | - | - |
| Services - Engineering | - | 40,473 | - | - | - |
| Services - EWA Support | 591 | 996 | 1,150 | 1,150 | 1,150 |
| Subcontractors | - | 5,665 | - | - | - |
| Services - Testing | 26 | - | - | - | - |
| Subsistence - Meals | 29 | - | - | - | - |
| Supplies - Chem - Odor (bioxide) | 25,270 | 20,407 | 43,171 | 40,000 | 40,000 |
| Supplies - Office | 94 | - | 326 | 100 | 100 |
| Supplies - Safety | 375 | 303 | 127 | 415 | 415 |
| Supplies - Shop & Field | 826 | 192 | 1,104 | 855 | 855 |
| Training | - | - | - | 910 | 910 |
| Training - Safety | 95 | - | 97 | 605 | 605 |
| Utilities - Gas & Electric | 66,280 | 67,567 | 74,095 | 76,000 | 76,500 |
| Utilities - Internet | 253 | 274 | 379 | 309 | 310 |
| Utilities - Telephone | 1,549 | 1,923 | 1,146 | 1,630 | 1,630 |
| Utilities - Trash | - | - | - | - | - |
| Utilities - Water | 1,781 | 2,379 | 1,386 | 2,700 | 2,200 |
| Vehicle Maintenance | 400 | 336 | 875 | 505 | 505 |
| | $ 144,614 | $ 190,453 | $ 171,603 | $ 177,991 | $ 179,454 |
| Capital Outlay | $ 14,617 | $ - | $ - | $ - | $ - |
| Contingency | - | - | - | 19,569 | 20,000 |
| Total Operating Cost | $ 311,713 | $ 473,039 | $ 381,214 | $ 408,910 | $ 418,351 |

# *SOLANA BEACH GENERATOR MAINTENANCE SERVICES*

## PROGRAM DESCRIPTION

Under this program, SEJPA provides generator maintenance services to the City of Solana Beach. The generators are located at the Solana Beach City Hall and the Lomas Santa Fe Fire Station. The actual costs incurred are borne solely by the City of Solana Beach.

## FY 2020-21 ESTIMATED ACTUAL EXPENDITURES

The Solana Beach Generator Maintenance Services are forecasted to be at budget.

## FY 2021-22 ADOPTED BUDGET

The current year budget is planned to be $417 or 3.0% more than FY 2020-21, reflecting general cost inflation.

### *Solana Beach Generator Maintenance Services Cost Summary*

| Operating Cost | Actual 2018-19 | Actual 2019-20 | Estimated Actual 2020-21 | Adopted Budget 2020-21 | Recommended Budget 2021-22 |
|---|---|---|---|---|---|
| Personnel | $ 5,790 | $ 5,703 | $ 6,709 | $ 6,751 | $ 7,134 |
| Supplies and Services | 10,074 | 1,740 | 6,765 | 6,943 | 6,977 |
| Capital Outlay | - | - | - | - | - |
| Contingency | - | - | - | - | - |
| Total Operating Cost | $ 15,864 | $ 7,443 | $ 13,474 | $ 13,694 | $ 14,111 |
| SB City Hall Generator | $ 6,760 | $ 3,150 | $ 6,637 | $ 6,168 | $ 6,377 |
| SB Lomas SF Fire Generator | 9,104 | 4,293 | 6,837 | 7,526 | 7,734 |
| Total Operating Cost | $ 15,864 | $ 7,443 | $ 13,474 | $ 13,694 | $ 14,111 |

## *Solana Beach Generator Maintenance Services Operating Cost Detail*

| Operating Cost | Actual 2018-19 | Actual 2019-20 | Estimated Actual 2020-21 | Adopted Budget 2020-21 | Recommended Budget 2021-22 |
|---|---|---|---|---|---|
| **Personnel** | | | | | |
| Direct Salaries and Wages | $ 4,072 | $ 3,797 | $ 4,735 | $ 4,776 | $ 4,912 |
| FICA Tax | - | 0 | 1 | - | - |
| Medicare Tax | 62 | 58 | 57 | 64 | 72 |
| State Unemployment Tax | 8 | 7 | 9 | 20 | 20 |
| Standby Pay | 34 | 40 | 41 | 38 | 39 |
| Overtime Pay | 29 | 127 | 159 | 11 | 13 |
| Dental/Vision | 50 | 49 | 38 | 54 | 54 |
| Employee Assistance Program | - | - | 2 | 8 | 8 |
| Life Insurance/Disability | 28 | 28 | 30 | 36 | 38 |
| Workers Comp. Insurance | 81 | 122 | 76 | 94 | 98 |
| Medical Insurance - Pers | 527 | 500 | 480 | 540 | 550 |
| Retirement Plan - CalPERS & PARS Trust | 718 | 809 | 917 | 890 | 1,088 |
| Deferred Comp-employer | 150 | 134 | 133 | 186 | 206 |
| Uniforms - Boots | 5 | 6 | 9 | 8 | 10 |
| Payroll Processing Fees | 21 | 22 | 22 | 22 | 22 |
| Other Personnel Costs | 5 | 4 | - | 4 | 4 |
| | $ 5,790 | $ 5,703 | $ 6,709 | $ 6,751 | $ 7,134 |
| **Supplies and Services** | | | | | |
| Advertising | $ - | $ - | $ - | $ 8 | $ 8 |
| Fuel | 19 | 316 | 106 | 21 | 20 |
| Insurance - Liability | - | - | 69 | 72 | 80 |
| Insurance - Auto | - | - | - | 2 | - |
| Insurance - Property | - | - | 82 | 94 | 113 |
| Licenses | 8 | 89 | 56 | 97 | 98 |
| Preemployment Screening | - | 1 | 1 | 1 | 2 |
| Printing | - | 2 | 3 | - | - |
| Rent | - | - | 2 | 2 | 2 |
| Repair Parts Expense | 115 | 1,010 | - | 400 | 400 |
| Seminars/Education | - | - | 1 | 30 | 30 |
| Training | - | - | - | 30 | 30 |
| Training - Safety | 3 | - | 3 | 20 | 20 |
| Minor Equip - Shop & Field | - | 8 | 3 | - | - |
| Services - Legal | - | 3 | - | - | - |
| Services - Maintenance | 9,771 | - | 6,113 | 5,850 | 5,850 |
| Services - Uniforms | 14 | 13 | 21 | 19 | 20 |
| Services - Medical | 4 | 2 | 10 | - | - |
| Services - Professional IT Support | 64 | 142 | 169 | 188 | 194 |
| Services - Temp | 9 | 71 | - | - | - |
| Services - EWA Support | 20 | 31 | 40 | 40 | 40 |
| Supplies - Office | 3 | - | 5 | - | - |
| Supplies - Shop & Field | 1 | - | 19 | 20 | 20 |
| Supplies - Safety | 5 | 7 | 4 | 10 | 10 |
| Utilities - Internet | 9 | 9 | 12 | 9 | 10 |
| Utilities - Telephone | 21 | 26 | 19 | 20 | 20 |
| Vehicle Maintenance | 8 | 10 | 27 | 10 | 10 |
| | $ 10,074 | $ 1,740 | $ 6,765 | $ 6,943 | $ 6,977 |
| Capital Outlay | $ - | $ - | $ - | $ - | $ - |
| Contingency | - | - | - | - | - |
| Total Operating Cost | $ 15,864 | $ 7,443 | $ 13,474 | $ 13,694 | $ 14,111 |

# *DEL MAR SERVICES*

## PROGRAM DESCRIPTION

Under this program, SEJPA provides pump station operation and maintenance services that includes PLC programming, instrumentation installation, wet well cleaning, and disposal of wastewater collection sediment for the City of Del Mar. The City of Del Mar is considering transitioning to SEJPA to provide full pump station and operational service. This budget reflects the transition period to facilitate Del Mar's evaluation of obtaining full service.

## FY 2020-21 ESTIMATED ACTUAL EXPENDITURES

The program is forecast to be under budget by 2,506 or 4.8% primarily due to unused contingency of $1,935. The actual costs incurred will be paid for by the City of Del Mar.

## FY 2021-22 ADOPTED BUDGET

The budget for FY 2021-22 is expected to increase $5,094 or 9.7%. The planned Personnel costs in support of the City of Del Mar's staff at the pump station is expected to be increase. Supplies and Services has increased to accommodate additional disposal cost of wastewater collections cleaning sediment and debris.

### *Del Mar Services Cost Summary*

| Operating Cost | Actual 2018-19 | Actual 2019-20 | Estimated Actual 2020-21 | Adopted Budget 2020-21 | Recommended Budget 2021-22 |
|---|---|---|---|---|---|
| Personnel | $ 20,533 | $ 32,890 | $ 37,137 | $ 37,388 | $ 41,432 |
| Supplies and Services | 8,195 | 5,773 | 12,688 | 13,008 | 13,993 |
| Capital Outlay | - | - | - | - | - |
| Contingency | - | - | - | 1,935 | 2,000 |
| Total Operating Cost | $ 28,728 | $ 38,663 | $ 49,825 | $ 52,331 | $ 57,425 |

## *Del Mar Services Operating Cost Detail*

| Operating Cost | Actual 2018-19 | Actual 2019-20 | Estimated Actual 2020-21 | Adopted Budget 2020-21 | Recommended Budget 2021-22 |
|---|---|---|---|---|---|
| **Personnel** | | | | | |
| Direct Salaries and Wages | $ 12,964 | $ 22,319 | $ 24,862 | $ 25,616 | $ 27,961 |
| Medicare Tax | 189 | 335 | 440 | 367 | 414 |
| State Unemployment Tax | 22 | 29 | 49 | 109 | 120 |
| Standby Pay | 152 | 231 | 242 | 66 | 69 |
| Overtime Pay | 14 | 103 | 900 | 672 | 755 |
| Dental/Vision | 236 | 289 | 232 | 314 | 318 |
| Employee Assistance Program | - | - | 14 | 45 | 45 |
| Life Insurance/Disability | 117 | 163 | 187 | 207 | 222 |
| Workers Comp. Insurance | 380 | 728 | 465 | 535 | 568 |
| Medical Insurance - Pers | 2,479 | 2,919 | 2,932 | 3,097 | 3,202 |
| Retirement Plan - CalPERS & PARS Trust | 3,376 | 4,793 | 5,612 | 5,100 | 6,342 |
| Deferred Comp-employer | 454 | 791 | 1,019 | 1,063 | 1,199 |
| Uniforms - Boots | 25 | 35 | 50 | 50 | 55 |
| Payroll Processing Fees | 100 | 132 | 133 | 120 | 134 |
| Other Personnel Costs | 25 | 23 | - | 27 | 28 |
| | $ 20,533 | $ 32,890 | $ 37,137 | $ 37,388 | $ 41,432 |
| **Supplies and Services** | | | | | |
| Advertising | $ 2 | $ - | $ - | $ 58 | $ 58 |
| Dues & Memberships | - | 6 | 23 | - | - |
| Fuel | 85 | 437 | 619 | 447 | 447 |
| Insurance - Liability | - | - | 517 | 545 | 595 |
| Insurance - Auto | - | - | 3 | 13 | 3 |
| Insurance - Property | - | - | 607 | 712 | 844 |
| Licenses | 124 | 528 | 418 | 736 | 736 |
| Postage/Shipping | 2 | - | 6 | - | - |
| Preemployment Screening | 2 | 5 | 11 | 9 | 9 |
| Printing | - | 12 | 23 | 15 | 15 |
| Rent | - | - | 15 | 16 | 16 |
| Repair Parts Expense | 673 | 1,997 | 1,605 | 1,700 | 2,500 |
| Seminars/Education | - | - | 8 | 200 | 200 |
| Services - Alarm | - | - | 700 | 750 | 750 |
| Services - Grit & Screenings | 2,287 | 330 | 3,000 | 3,000 | 3,900 |
| Services - Legal | - | 318 | - | - | - |
| Services - Maintenance | 1,224 | - | 2,409 | 1,700 | 1,700 |
| Services - IT/GIS Support | 298 | 836 | 518 | 425 | 438 |
| Services - EWA Support | 94 | 183 | 150 | 150 | 150 |
| Services - Grease & Scum | - | - | 900 | 900 | - |
| Services - Medical | 17 | 13 | 75 | 20 | 20 |
| Services - Professional | 3,000 | 251 | - | - | - |
| Services - Temp | 42 | 418 | - | - | - |
| Services - Uniforms | 64 | 78 | 146 | 147 | 147 |
| Subsistence - Meals | 5 | - | - | - | - |
| Supplies - Office | 15 | - | 73 | 15 | 15 |
| Supplies - Safety | 23 | 48 | 29 | 5 | 5 |
| Supplies - Shop & Field | 5 | 2 | 397 | 400 | 400 |
| Training | - | - | - | 300 | 300 |
| Training - Safety | 15 | - | 22 | 200 | 200 |
| Minor Equip - Shop & Field | 15 | 45 | 25 | - | - |
| Utilities - Internet | 40 | 50 | 86 | 25 | 25 |
| Utilities - Telephone | 98 | 154 | 143 | 400 | 400 |
| Utilities - Trash | - | - | - | - | - |
| Vehicle Maintenance | 65 | 62 | 160 | 120 | 120 |
| | $ 8,195 | $ 5,773 | $ 12,688 | $ 13,008 | $ 13,993 |
| Capital Outlay | $ - | $ - | $ - | $ - | $ - |
| Contingency | - | - | - | 1,935 | 2,000 |
| Total Operating Cost | $ 28,728 | $ 38,663 | $ 49,825 | $ 52,331 | $ 57,425 |

## *RECYCLED WATER*

### PROGRAM DESCRIPTION

SEJPA owns and operates a recycled water utility which wholesales recycled water to Santa Fe Irrigation District (SFID), San Dieguito Water District (SDWD), City of Del Mar, and Olivenhain Municipal Water District (OMWD), as well as a direct sales agreement with Encinitas Ranch Golf Authority (ERGA). SEJPA financed, permitted, and constructed the recycled water utility which became operational in September 2000. Since the addition of the Advanced Water Purification (AWP) system in 2013, SEJPA's Recycled Water Program is capable of delivering between 1,800 and 2,000 acre-feet per year (AFY) of recycled water to its retail partners. Local customers that use the recycled water for landscape irrigation include the Encinitas Ranch Golf Course, Lomas Santa Fe Executive and Country Club Golf Courses, Ecke YMCA, Del Mar Fairgrounds, Village Park greenbelt, local schools, parks, businesses, and street/freeway landscape. Industrial use customers include Scripps Hospital, the Del Mar Fairgrounds, and the San Elijo Water Campus. Currently, SEJPA has the capacity to produce up to 3.02 million gallons per day of recycled water.

### FY 2020-21 ESTIMATED ACTUAL EXPENDITURES

FY 2020-21 is the 20th full year of the Recycled Water Program. This program receives revenue from different customers with varying levels of service. Beginning in FY 2014-15, SEJPA decoupled the rates from the water purveyors' potable water rates. In May 2018, the Board accepted an updated Cost-of-Service Study, and approved the water rates for FY 2018-19, FY 2019-20, and FY 2020-21. By using the Cost-of-Service Study to support the rates, all water purveyors are invoiced the same rate rather than 85% of each of the water purveyors' potable rates. The Recycled Water Program also receives incentives in the amount of $250 per AF from the Metropolitan Water District of Southern California (MWD) and $200 per AF from the San Diego County Water Authority (SDCWA).

The estimated actual revenue for FY 2020-21 is conservatively anticipated at $3,213,249. Budgeted operating expenditures for FY 2020-21 total $1,867,279 and estimated expenditures are projected to be $1,842,630 or $24,649 less than planned.

FY 2020-21 budgeted infrastructure debt service for the Water Recycling Program consists of the State Revolving Fund ($834,675), Advanced Water Treatment loan ($148,153), and the Santa Fe Irrigation District Pipeline loan ($15,000) for a total of $997,828. The State Revolving Fund was retired in FY 2020-21. In FY 2020-21, the Solana Beach Pipeline loan was added for the newly purchased recycled water distribution pipeline to increase sustainability by extending the recycled waterlines in the City of Solana Beach. This added $36,900 to the debt service amount.

Capital cost budget of $280,000 for the recycled water planning, conveyance and storage is expected to be spent.

The anticipated revenues, expenses, debt service, and capital costs result in $55,891 funding towards the Recycled Water Program Unrestricted Reserve.

### FY 2021-22 ADOPTED BUDGET

Budgeted water sales revenue for this program is planned to be $3,843,407, which is $630,158 or 19.6% greater than prior year budget. This amount includes an anticipated $600,000 grant funding to be received. This revenue is based on a cost-of-service rate review and update to determine the recycled water rates for FY 2021-22 to FY 2024-26 coupled with anticipated estimates for water sales, capital program, and reserves.

The Recycled Water operating budget is planned to be $1,883,700, an increase of $16,421 or 0.9% from prior year budget. Personnel costs for the FY 2021-22 budget are based on projections of estimated staff effort required to

operate the program and is planned to increase by $16,852 or 2.6%. Supplies and Services are similar to FY 2020-21.

Capital Project expenses are planned to be $500,000 to fund the evaluation of additional storage options and the inclusion of stormwater recycling. Debt service is planned to be $173,053; detailed information on this program can be found in the Debt Service section of this budget document. Contingency funding is not budgeted for the Recycled Water Program, because the agency retains a reserve for this program.

## *Recycled Water Cost Summary*

| Operating Cost | Actual 2018-19 | Actual 2019-20 | Estimated Actual 2020-21 | Adopted Budget 2020-21 | Recommended Budget 2021-22 |
|---|---|---|---|---|---|
| Personnel | $ 547,080 | $ 653,812 | $ 620,509 | $ 642,022 | $ 658,874 |
| Supplies and Services | 951,643 | 841,335 | 1,172,121 | 1,175,257 | 1,174,826 |
| Capital Outlay | 455 | 14,111 | 50,000 | 50,000 | 50,000 |
| Contingency | - | - | - | - | - |
| Total Operating Cost | $ 1,499,178 | $ 1,509,258 | $ 1,842,630 | $ 1,867,279 | $ 1,883,700 |
| Capital Costs | 1,875,000 | 165,450 | 280,000 | 280,000 | 500,000 |
| Total Operating and Capital Costs | $ 3,374,178 | $ 1,674,708 | $ 2,122,630 | $ 2,147,279 | $ 2,383,700 |
| Debt Service | | | | | |
| State Revolving Fund | $ 834,675 | $ 834,675 | $ 834,675 | $ 834,675 | $ - |
| Advanced Water Purification | 148,153 | 148,153 | 148,153 | 148,153 | 148,153 |
| SFID Pipeline Loan | 13,102 | 11,321 | 15,000 | 15,000 | 15,000 |
| Solana Beach Pipeline Loan | | | 36,900 | | 9,900 |
| Total Debt Service | $ 995,930 | $ 994,149 | $ 1,034,728 | $ 997,828 | $ 173,053 |
| **Total Costs** | **$ 4,370,108** | **$ 2,668,857** | **$ 3,157,358** | **$ 3,145,107** | **$ 2,556,753** |

## Building a Sustainable Future

The award winning Solana Beach Coastal Rail Trail uses drought tolerant plants and recycled water, coupled with local art and walking trails to connect sustainability with the community.

## *Recycled Water Operating Cost Detail*

| Operating Cost | Actual 2018-19 | Actual 2019-20 | Estimated Actual 2020-21 | Adopted Budget 2020-21 | Recommended Budget 2021-22 |
|---|---|---|---|---|---|
| **Personnel** | | | | | |
| Direct Salaries and Wages | $ 403,078 | $ 408,733 | $ 424,076 | $ 448,575 | $ 442,928 |
| FICA Tax | - | 44 | 81 | - | - |
| Medicare Tax | 6,049 | 6,142 | 6,039 | 5,844 | 6,424 |
| State Unemployment Tax | 665 | 537 | 612 | 1,740 | 1,863 |
| Standby Pay | 2,552 | 3,173 | 3,847 | 3,255 | 3,386 |
| Overtime Pay | 6,784 | 10,102 | 19,275 | 14,396 | 16,179 |
| Dental/Vision | 3,962 | 4,006 | 3,671 | 5,004 | 4,932 |
| Employee Assistance Program | 104 | - | 219 | 715 | 704 |
| Life Insurance/Disability | 2,197 | 2,273 | 2,956 | 3,299 | 3,442 |
| Workers Comp. Insurance | 5,562 | 9,955 | 7,360 | 8,520 | 8,813 |
| Medical Insurance - Pers | 41,530 | 40,585 | 46,435 | 49,338 | 49,726 |
| Retirement Plan - CalPERS & PARS Trust | 56,563 | 150,699 | 88,635 | 81,241 | 98,490 |
| Deferred Comp-employer | 15,374 | 14,955 | 14,403 | 16,939 | 18,621 |
| Uniforms - Boots | 478 | 484 | 797 | 802 | 859 |
| Payroll Processing Fees | 1,669 | 1,810 | 2,103 | 1,918 | 2,078 |
| Other Personnel Costs | 513 | 314 | - | 436 | 429 |
| | $ 547,080 | $ 653,812 | $ 620,509 | $ 642,022 | $ 658,874 |
| **Supplies and Services** | | | | | |
| Board Expense | $ - | $ - | $ 171 | $ 90 | $ 816 |
| Advertising | 1,434 | - | - | 672 | 672 |
| Dues & Memberships | 6,557 | 8,387 | 7,427 | 7,800 | 7,800 |
| Equipment Rental/Lease | 270 | 216 | 1,000 | 1,000 | 1,000 |
| Fees - Permits | 17,452 | 18,767 | 23,087 | 22,000 | 24,000 |
| Fuel | 2,750 | 2,874 | 2,976 | 3,375 | 3,375 |
| Insurance - Liability | 9,640 | 14,508 | 6,033 | 6,360 | 6,938 |
| Insurance - Auto | - | - | 30 | 156 | 35 |
| Insurance - Property | 9,327 | 13,289 | 7,079 | 8,313 | 9,843 |
| Licenses | 6,815 | 13,000 | 4,873 | 8,594 | 8,594 |
| Minor Equip - Shop & Field | 773 | 7,736 | 2,865 | 3,000 | 3,000 |
| Postage/Shipping | 183 | 52 | 74 | 200 | 200 |
| Preemployment Screening | 32 | 72 | 130 | 109 | 109 |
| Printing | 26 | 159 | 269 | 200 | 200 |
| Rent | 98,294 | 103,052 | 119,837 | 100,188 | 116,100 |
| Repair Parts Expense | 40,729 | 41,482 | 44,552 | 50,000 | 50,000 |
| Retrofit Expenses | - | - | 105,000 | 105,000 | 105,000 |
| Seminars/Education | 7,141 | 559 | (402) | 3,400 | 3,400 |
| Miscellaneous | 23,212 | 163 | - | - | - |
| Services - Accounting | 6,600 | 8,640 | 7,888 | 8,190 | 9,900 |
| Services - Landscape | 840 | - | - | 5,000 | 5,000 |
| Services - Alarm | 4,132 | 3,360 | 3,187 | 4,100 | 4,100 |

*Cost detail continued on next page.*

## *Recycled Water Operating Cost Detail Continued*

| Operating Cost | Actual 2018-19 | Actual 2019-20 | Estimated Actual 2020-21 | Adopted Budget 2020-21 | Recommended Budget 2021-22 |
|---|---|---|---|---|---|
| Services - Engineering | $ 36,358 | $ 26,917 | $ 130,439 | $ 147,000 | $ 68,750 |
| Services - Fire Control | - | - | - | 2,000 | 2,000 |
| Services - Laboratory | 3,258 | 8,344 | 3,934 | 5,000 | 5,000 |
| Services - Legal | 11,049 | 2,872 | 4,468 | 23,000 | 23,000 |
| Services - Lobbying | 14,432 | 10,442 | 29,788 | 17,800 | 17,800 |
| Services - Maintenance | 36,257 | 35,880 | 24,215 | 28,000 | 28,000 |
| Services - Medical | 347 | 174 | 1,275 | 400 | 400 |
| Services - Other | 5 | 3 | 60 | 300 | 300 |
| Services - Professional | 121,715 | 17,926 | 93,798 | 38,400 | 84,350 |
| Services - IT/GIS Support | 6,998 | 20,474 | 14,706 | 24,641 | 25,380 |
| Services - EWA Support | 2,890 | 2,530 | 4,000 | 4,000 | 4,000 |
| Services - Contractors | 22,210 | 23,890 | - | 20,000 | 20,000 |
| Services - Temp | 28,224 | 16,264 | 17,854 | 22,800 | 24,595 |
| Services - Uniforms | 1,070 | 1,070 | 1,790 | 1,719 | 1,719 |
| Subscriptions | - | 70 | 603 | 50 | 50 |
| Subsistence - Meals | 406 | 80 | - | 900 | 900 |
| Subsistence - Travel/Rm & Bd | 4,595 | 130 | 1,000 | 3,000 | 3,000 |
| Supplies - Chem - Odor | 5,248 | 4,727 | 3,506 | 8,000 | 8,000 |
| Supplies - Chem - Polymer | 3,724 | 1,241 | 2,977 | 3,000 | 3,000 |
| Supplies - Chem - Sodium Hypo | 46,811 | 54,373 | 73,008 | 60,000 | 60,000 |
| Supplies - Chemicals | 57,213 | 47,569 | 43,078 | 63,000 | 63,000 |
| Supplies - Lab | 2,587 | 9,788 | 13,318 | 3,000 | 10,000 |
| Supplies - Office | 969 | 14 | 747 | 1,000 | 1,000 |
| Supplies - Safety | 690 | 601 | 528 | 900 | 900 |
| Supplies - Shop & Field | 1,610 | 542 | 2,483 | 1,200 | 1,200 |
| Training | 1,250 | - | 10 | 2,800 | 2,800 |
| Training - Safety | 790 | 238 | 256 | 1,300 | 1,300 |
| Utilities - Gas & Electric | 280,739 | 285,402 | 318,604 | 320,000 | 320,000 |
| Utilities - Internet | 987 | 1,011 | 999 | 850 | 850 |
| Utilities - Telephone | 8,349 | 10,731 | 8,034 | 9,000 | 9,000 |
| Utilities - Water | - | 146 | 33,838 | 6,750 | 6,750 |
| Utilities - Water (Suppl.) | 13,449 | 20,267 | - | 16,000 | 16,000 |
| Utilities - Trash | - | - | - | - | - |
| Vehicle Maintenance | 1,206 | 1,303 | 6,729 | 1,700 | 1,700 |
| | $ 951,643 | $ 841,335 | $ 1,172,121 | $ 1,175,257 | $ 1,174,826 |
| Capital Outlay | $ 455 | $ 14,111 | $ 50,000 | $ 50,000 | $ 50,000 |
| Total Operating Cost | $ 1,499,178 | $ 1,509,258 | $ 1,842,630 | $ 1,867,279 | $ 1,883,700 |

# CAPITAL PROGRAMS

## *CAPITAL IMPROVEMENT PROGRAM (CIP) OVERVIEW*

SEJPA has entered our fifth year of the CIP, which was developed with the goals of regulatory compliance, risk assessment to prevent system failure, environmental protection, and resource recovery. We have delivered, or are in the process of completing, every project identified in our program, all while maintaining the highest levels of safety and water quality. These projects include upgrading our pretreatment system, expanding our recycled water system, and replacing critical infrastructure that conveys our treated flows to the ocean. Each of these projects demonstrate our commitment to the communities we serve and provide widespread benefits.


SEJPA is responsible for maintaining permit compliance with regulatory agencies and legal agreements with customers to provide wastewater and recycled water services. Proactive asset management and capital improvement planning are critical components in keeping these commitments.

In 2014, SEJPA conducted an evaluation of its wastewater and recycled water capital assets. The results and recommendations were documented in the 2015 Facility Plan. A "triple-bottom line" approach was used to prioritize and weight projects to compare each project against the other to confirm SEJPA achieves balanced value-added results for environmental, financial, and social goals (as described below).

**ENVIRONMENTAL**
**35%**

Meet permit requirements and minimize risk of violations. Seek sustainable and efficient operational practices, maximize resource recovery, and minimize impacts to the environment.

**FINANCIAL**
**30%**

Implement economically-feasible projects and solutions. Maximize economic benefits for customers through cost-effective operations.

**SOCIAL**
**35%**

Maintain a high standard of worker safety and maximize community benefits through improved aesthetics and recreational uses.

The recommendations from the 2015 Facility Plan created the foundation for the SEJPA Capital Improvement Program, which includes regulatory compliance analysis, risk assessment for system failure, project prioritization, and budgetary cost estimates.

In 2017, SEJPA successfully secured $23.9 million in a bond offering to fund most of recommended capital projects. Staff bundled the projects into four phases to prioritize capital spending, streamline project delivery, minimize community impacts, and reduce cost through economies of scale. The first three phases are planned to be constructed by 2023 for an estimated construction cost of $47 million. Construction of the highest priority projects began in 2017.

**Phase I** of the SEJPA Capital Improvement Program is complete. The Land Outfall Replacement project was successfully constructed in June 2018 and the Preliminary Treatment Upgrades and Odor Control Improvements project was completed in July 2019. Construction value $14.7 million.

**Phase II** consists of several capital projects including:

- Encinitas Ranch Recycled Water Expansion (completed) $1.6 million
- Electrical upgrades to power distribution system MS-2 (completed) $0.3 million
- 2018 SCADA Upgrade (completed) $0.7M
- Water Campus Improvements Project (currently in construction) $20.7 million

The construction value of Phase II is $23.3 million

**Phase III**, the Solids Treatment Project, is in the pre-design phase. A Project Definition Report (PDR) was developed to provide an evaluation of the design alternatives and a preferred build scenario for final design. The PDR identified that the highest priority elements of the Solids Treatment Project to allow the project to be developed in phases as funding is available. The estimated construction value of Phase III is $9 - 14 million. Based on the PDR recommendations, staff is developing a project that will replace the dewatering belt-presses, rehabilitate corroded steel and sludge handling equipment, replace chemical storage and pumping equipment, and other related improvements. Final design of these project elements is expected to begin in FY 2021-22.

**Phase IV** consists of Resource Recovery and Reuse projects including potable reuse and storm water capture and reuse, treated water storage, process optimization, and energy efficiency projects. These projects are in the early concept development stage. Project scale, scope, budgets, and funding strategies are in development.

## *CAPITAL PROGRAMS PROJECT APPROPRIATION SUMMARY*

| Program | Actual 2018-19 | Actual 2019-20 | Estimated Actual 2020-21 | Adopted Budget 2020-21 | Recommended Budget 2021-22 |
|---|---|---|---|---|---|
| Wastewater Treatment | $ 120,000 | $ 948,177 | $ 1,070,000 | $ 1,070,000 | $ 1,240,000 |
| Ocean Outfall | 300,000 | 288,800 | 185,000 | 185,000 | 120,000 |
| Cardiff Pump Station | - | 250,000 | 170,000 | 170,000 | - |
| Encinitas Sanitary Division Pump Station | - | - | - | - | 375,000 |
| Solana Beach Pump Station | - | 20,000 | 25,000 | 25,000 | - |
| Water Reclamation | 1,875,000 | 165,450 | 280,000 | 280,000 | 500,000 |
| Total Capital Cost | $ 2,295,000 | $ 1,672,427 | $ 1,730,000 | $ 1,730,000 | $ 2,235,000 |

## *WASTEWATER TREATMENT PROJECT APPROPRIATION DETAIL*

| Capital Project | Actual 2018-19 | Actual 2019-20 | Estimated Actual 2020-21 | Adopted Budget 2020-21 | Recommended Budget 2021-22 |
|---|---|---|---|---|---|
| Solids Treatment (CIP Phase III) | $ - | $ 470,000 | $ 870,000 | $ 870,000 | $ 1,040,000 |
| Miscellaneous Projects | 120,000 | 280,000 | 200,000 | 200,000 | 200,000 |
| F-750 Truck with Crane Body | - | 96,250 | - | - | - |
| Peterbilt Sudge Tractor | - | 101,927 | - | - | - |
| Total Capital Cost | $ 120,000 | $ 948,177 | $ 1,070,000 | $ 1,070,000 | $ 1,240,000 |

## WATER CAMPUS IMPROVEMENTS PROJECT (CIP Phase II)

The Water Campus Improvements Project is under construction and anticipated to be complete in 2021. Project planning, design, funding and construction have been made possible through strong leadership, foresight and effective collaboration. The facility will be open to the public and will provide recycled water, wastewater treatment, and water quality education and research opportunities. Outside of the state-of-the-art community building, are site upgrades and enhancements to the existing wastewater treatment and recycled water production and biogas facilities. The upgrades include replacement of aging infrastructure, improve security and safety measures at the existing Administration and Operations Buildings, and increase onsite public accessibility, better serving the community and environment. The modernized Water Campus will add value to the region with:

### *Public Education*

Opportunities for interactive learning, community outreach, and clean water education are being integrated into the Water Campus grounds and interior spaces.

### *Environmental Enhancements*

The project includes stormwater capture, locally produced photovoltaic solar power for onsite energy, recycled water for all landscaping, shade trees, and other Climate Action Plan measures. These features enhance reduce energy use and enhance our environment.

### *Community Access*

The project will provide a regional bicycle and pedestrian path, pedestrian crossing, and additional parking to improve the accessibility and safety to the Water Campus, lagoon, and local beaches.

### *Safety Improvements*

The enhancements address safety, security, operational, and code deficiencies by replacing aging administration and operations buildings, security and public interface, and modernization of firefighting and suppression system.

**Project Highlights**

Clean + **renewable energy** production

Modern **facilities** for research opportunities

Regional **walking + biking** trail

30+ Public **parking** spaces

Through careful planning efforts, SEJPA has secured nearly 30 percent of the project costs from state funding support and grants, including a grant for onsite stormwater capture. The project is tracking on time and on budget.

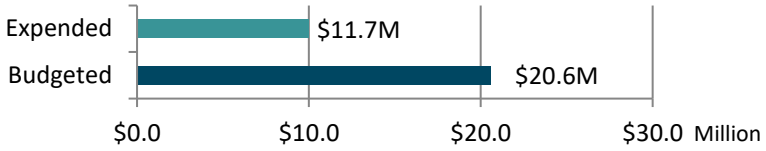
### Constructing a Community Asset

Construction is underway on building and site upgrades at the Water Campus. The building includes a classroom space and interactive learning opportunities for students to inspire the next generation of water leaders.

*Project detail continued on next page.*

## WATER CAMPUS IMPROVEMENTS PROJECT (CIP Phase II) CONT.

| | |
|---|---|
| Capital Program: | Phase II |
| Project Status: | Construction |
| Construction Start: | June 2020 |
| Est. Construction Completion: | October 2021 |




### Timeline

**Construction Start**
**June 2020**

**Est. Completion**
**October 2021**

| | *Budget* | *Approved Changes* | *Revised Budget* | *Spent to Date* |
|---|---|---|---|---|
| Construction: | $18,409,269 | $542,480 | $18,951,749 | $10,648,252 |
| CM/Engineering | 720,000 | - | 720,000 | 280,473 |
| Contingency: | 915,731 | (542,480) | 373,251 | 392,480 |
| Permits/Fees: | 550,000 | - | 550,000 | 417,000 |
| Total: | **$20,595,000** | **$0** | **$20,595,000** | **$11,738,205** |

## SOLIDS TREATMENT PROJECT (CIP Phase III)

The 2015 Facility Plan identified several solids-related projects to aid the agency in asset management and process efficiency improvements. These projects were bundled into the Solids Treatment Project, which is the third phase of SEJPA's Capital Program. The projects include (1) replacing aging solids handling and dewatering equipment, repairing corrosion damage in the solids handling building, and improving odor control, (2) maintaining digester performance and asset life by replacing aging pumps, upgrading heat exchange systems, repairing surface and structural damage to concrete digesters, and refurbishing existing digesters, and (3) maintaining and improving pre-digestion treatment including upgrading mechanical elements of the dissolved air thickening units and primary sludge thickening improvements. The Project Definition Report was completed in 2020 and a preferred alternative and phasing strategy was identified to align with capital budget expectations. Staff worked with the project consultant to assess the criticality of improvements and identified that priority working included replacing aging solids handling and dewatering equipment, repairing corrosion damage in the solids handling building, improving odor control, and replacing aging pumps. These components are most critical to permit compliance and health and safety of staff. The project is currently in the preliminary design phase with final design expected to begin in FY 2021-22. Staff is also self-performing various improvements and asset management activities as small-scale rehabilitation projects to maximize the service life of existing solids treatment assets.

## MISCELLANEOUS PROJECTS

Each year staff identifies small capital projects at the treatment plant based on asset management principles, enhanced automation, and treatment system improvement. These are typically small-scaled projects focused on assets with higher wear frequency or that can be completed in-house. Miscellaneous Projects for the FY 2021-22 Budget include replacing old and corroded secondary effluent launders to achieve water quality goals and replacing obsolete information technology equipment.

# *OCEAN OUTFALL PROJECT APPROPRIATION DETAIL*

| Capital Project | Actual 2018-19 | Actual 2019-20 | Estimated Actual 2020-21 | Adopted Budget 2020-21 | Recommended Budget 2021-22 |
|---|---|---|---|---|---|
| Outfall Reserve | $ 300,000 | $ 250,000 | $ 135,000 | $ 185,000 | $ 120,000 |
| Escondido Vault Valve Replacement | - | - | 50,000 | - | - |
| F-750 Truck with Crane Body | - | 38,800 | - | - | - |
| Total Capital Cost | $ 300,000 | $ 288,800 | $ 185,000 | $ 185,000 | $ 120,000 |

## OUTFALL RESERVE

The San Elijo Ocean Outfall system is critical regional infrastructure that serves SEJPA and the City of Escondido. This infrastructure includes pressure regulating and isolation valves, ocean discharge pumps, flow measuring meters, 2,600 feet of land outfall pipeline, 8,000 feet of ocean outfall pipe, system automation and monitoring components, and support structures and rock ballast that hold the outfall stationary on the ocean floor. The outfall conveys an average of approximately 11 million gallons per day (MGD) with peak flows typically during storm events of up to 25.5 MGD. The outfall reserve is a capital reserve account dedicated for repair and replacement activities associated with the San Elijo Ocean Outfall system. Due to ocean currents and sand movement on the ocean floor, the rock ballast that protects the outfall generally requires to be replenished every 15-20 years. SEJPA completed an inspection of the outfall in 2019 that found the ballast rock was adequately supporting the outfall and is preparing to complete a re-ballasting project in the next 5-10 years and collecting the funding over time will help smooth the rates required to complete the project.

## CARDIFF PUMP STATION APPROPRIATION DETAIL

| Capital Project | Actual 2018-19 | Actual 2019-20 | Estimated Actual 2020-21 | Adopted Budget 2020-21 | Recommended Budget 2021-22 |
|---|---|---|---|---|---|
| Cardiff/Olivenhien Force Mains | $ - | $ 250,000 | $ 170,000 | $ 170,000 | $ - |
| Total Capital Cost | $ - | $ 250,000 | $ 170,000 | $ 170,000 | $ - |

### CARDIFF AND OLIVENHAIN PUMP STATION FORCE MAINS

The Cardiff and Olivenhain Pump Station Force Main project includes the installation of an access road for the force mains along the west edge of the SEJPA's property. This project is integrated into the Water Campus Improvement Project as a portion of the multi-use path will serve as access to the force main clean out vaults and isolation valves. The project, which is planned for completion in FY 2021-22, will be funded by the Cardiff Sanitation District and is included in the revenues collected from the City of Encinitas.

## ENCINITAS SANITARY DIVISION PROJECT APPROPRIATION DETAIL

| Capital Project | Actual 2018-19 | Actual 2019-20 | Estimated Actual 2020-21 | Adopted Budget 2020-21 | Recommended Budget 2021-22 |
|---|---|---|---|---|---|
| Moonlight Beach Pump Station Rehabilitation | $ - | $ - | $ - | $ - | $ 375,000 |
| Total Capital Cost | $ - | $ - | $ - | $ - | $ 375,000 |

### MOONLIGHT BEACH PUMP STATION REHABILITATION

The Moonlight Beach Pump Station was originally constructed in 1974 and underwent significant renovation in 2006. It is located on the southeast corner of the intersection of 3rd Street and B Street in the City of Encinitas. A pump/grinder replacement evaluation for this pump station was conducted and the findings are detailed in the September 2019 Moonlight Beach Pump Station, Pump Replacement Evaluation. The project will be funded solely by the City of Encinitas and is included in the revenues collected from the City. Based on the evaluation, the following improvements are recommended:

- Replacement of the existing pump arrangement to allow for a smaller capacity, solids-handling jockey pump to flow match the overnight low influent flows into the wet well.
- Replacement of the existing extended shaft sewage pumps with solids handling, dry pit submersible style pumps capable of passing rags and solids. This would also involve removal of the existing inline sewage grinders from the pump suction assembly and replacement of the existing pump suction and pump discharge piping assembly (piping and valve replacement).
- Installation of a new portable gantry crane in the pump room, equipped with 1-ton mechanically operated hoist.

## SOLANA BEACH PUMP STATION PROJECT APPROPRIATION DETAIL

| Capital Project | Actual 2018-19 | Actual 2019-20 | Estimated Actual 2020-21 | Adopted Budget 2020-21 | Recommended Budget 2021-22 |
|---|---|---|---|---|---|
| Solana Beach Sewer Force Main Relocation | $ - | $ 20,000 | $ 25,000 | $ 25,000 | $ - |
| Total Capital Cost | $ - | $ 20,000 | $ 25,000 | $ 25,000 | $ - |

### SOLANA BEACH PUMP STATION FORCE MAIN RELOCATION

The Solana Beach Pump Station Force Main Relocation project relocated a portion of a force main that conveys raw wastewater from the Solana Beach Pump Station to the SEWRF. This project was integrated into the Water Campus Improvement Project due to the proximity of the force main to site construction. The project is planned to be completed in FY 2021-22 and is funded by the City of Solana Beach.

## RECYCLED WATER PROJECT APPROPRIATION DETAIL

| Capital Project | Actual 2018-19 | Actual 2019-20 | Estimated Actual 2020-21 | Adopted Budget 2020-21 | Recommended Budget 2021-22 |
|---|---|---|---|---|---|
| Treatment, Conveyance and Storage | $ - | $ - | $ 280,000 | $ 280,000 | $ 500,000 |
| Potable Reuse Study | 75,000 | 75,000 | - | - | - |
| Recycled Water Pipeline (Encinitas Ranch) | 1,800,000 | - | - | - | - |
| F-750 Truck with Crane Body | - | 58,200 | - | - | - |
| Recycled Water Distribution Pump #1 Replacement | - | 32,250 | - | - | - |
| Total Capital Cost | $ 1,875,000 | $ 165,450 | $ 280,000 | $ 280,000 | $ 500,000 |

### TREATMENT, CONVEYANCE, AND STORAGE

Working collaboratively with its water district partners, SEJPA plans and constructs improvements to the recycled water treatment, storage, and conveyance systems. Capital funding for these projects will be utilized for treatment system enhancement, valve maintenance and replacements, refurbishment of existing storage tanks or the construction of new storage, replacing existing distribution system pumps and motors, stormwater recycling, and ongoing system asset management. This is a multi-year capital project that will occur during a 10-year period from 2021 to 2030 with an estimated budget of $10.7 million (2021 dollars).

### POTABLE REUSE STUDY

During FY 2014-15 SEJPA partnered with SDWD and SFID to fund a joint Potable Reuse Concept Study to identify the feasibility of a local potable reuse project. In 2017-18, OMWD and Leucadia Wastewater District were added to the study group and the next phase of the project development effort was launched. The Potable Reuse Plan Development includes identifying regulatory constraints, evaluating source of recycled water supplies, identifying needed improvements at Badger WTP, and evaluating project alternatives (including necessary facilities, site locations, and budgetary costs). Funding that was collected to continue this project in FY 2019-2020 was not used as the scope of the next phase continues to develop, therefore, no additional funding is being requested in this budget cycle.

# DEBT SERVICE

## *WASTEWATER TREATMENT DEBT SERVICE*

### 2011 REFUNDING BONDS

In December 2011, SEJPA refinanced the 2003 Revenue Bonds and the California Energy Commission Loan at an average rate of 3.05%, producing savings of approximately $1.2 million over the remaining life of these obligations. Interest payments are made on September 1 and March 1, principal payments on March 1. The payments are submitted directly by the Member Agencies. The FY 2020-21 annual payment was the final payment for this debt service.

### 2017 REVENUE BONDS

SEJPA issued revenue bonds in July 2017 to fund the wastewater projects derived from the 2015 Facility Plan. The bond included a face value of $22.115 million, plus a premium less expense of $1.797 million netting $23.912 received with a true interest cost of 3.39% over 30 years. The FY 2021-22 payments will include both interest and principal: $438,113 interest and $230,000 principal for each Member Agency.

### SAN DIEGO GAS & ELECTRIC ON BILL FINANCING

In July 2017, SEJPA and San Diego Gas & Electric (SDG&E) entered into an On-Bill Financing Loan Agreement to fund the Blower Replacement Project. This project replaced three 125-hp multi-stage centrifugal blowers that were installed in 1991 with substantially more efficient turbo blowers. This replacement project resulted in a $533,883 loan from SDG&E with 120 monthly payments at $4,449 with no interest. The resulting annual cost savings from the installation of more energy efficient equipment roughly equals the annual finance expense. The estimated balance as of June 30, 2021 will be $320,328. The scheduled payoff date is July 2027.


LEADING RELIABLE WASTEWATER TREATMENT

SEJPA continues to develop innovative practices for energy efficient water treatment that protects our water quality and aligns with Climate Action Plan measures.

## *RECYCLED WATER DEBT SERVICE*

### STATE REVOLVING FUND (SRF) LOAN

In March 1998, SEJPA entered into an agreement with the State Water Resources Control Board to fund the original Recycled Water Project. The $12.6 million loan provided funding to construct the water recycling equipment and distribution piping system at a fixed interest rate of 2.5% for a term of 20 years. Annual payments of $834,675 began in August 2001 and will continue through August 2020. The FY 2020-21 loan payment of $834,675, including principal and interest, was the final payment for this debt service.

The terms of the SRF loan required SEJPA to create a restricted reserve, which had a fund balance of $630,000. This amount was transferred to the Recycled Water Reserve when the loan was paid in full in FY 2020-21.

### ADVANCED WATER PURIFICATION FACILITY LOAN

In November 2011, SEJPA received a private placement loan for the construction of the Advanced Water Purification Facility in the amount of $2 million at a fixed interest rate of 4.15%. Annual payments of $148,153 began in 2011 and will continue for 20 years until 2031. As of June 30, 2021, the outstanding principal balance is $1,250,662.

### SFID PIPELINE LOAN

In 2013, SEJPA entered into an agreement with the Santa Fe Irrigation District to purchase a recycled water distribution pipeline for $526,149 with an initial down payment of $50,000 and annual interest between 1.0% and 2.5% based on the Local Agency Investment Fund (LAIF) rate. The repayment schedule is $450 per acre foot of water delivered through the pipeline. As of June 30, 2021, the outstanding principal balance is estimated to be $422,971 based on 24 acre-feet delivered through the pipeline in FY 2020-21.

### SOLANA BEACH PIPELINE LOAN

In 2020, SEJPA entered into an agreement with the City of Solana Beach to purchase a recycled water distribution pipeline for $1,191,652 with no annual interest. The repayment schedule is $450 per acre foot of water delivered through the pipeline. As of June 30, 2021, the outstanding principal balance is estimated to be $1,154,752 based on 82 acre-feet delivered through the pipeline from the inception of service through June 30, 2021.

# *DEBT SERVICE SUMMARY*

| | Actual 2018-19 | Actual 2019-20 | Estimated Actual 2020-21 | Adopted Budget 2020-21 | Recommended Budget 2021-22 |
|---|---|---|---|---|---|
| **Wastewater Debt Service** | | | | | |
| 2011 Refunding Bonds | | | | | |
| Principal | $ 1,415,000 | $ 115,000 | $ 120,000 | $ 120,000 | $ - |
| Interest | 63,068 | 6,468 | 3,420 | 3,420 | - |
| Total Debt Service | $ 1,478,068 | $ 121,468 | $ 123,420 | $ 123,420 | $ - |
| 2017 Revenue Bonds | | | | | |
| Principal | $ - | $ 435,000 | $ 450,000 | $ 450,000 | $ 460,000 |
| Interest | 902,775 | 902,775 | 889,725 | 889,725 | 876,225 |
| Total Debt Service | $ 902,775 | $ 1,337,775 | $ 1,339,725 | $ 1,339,725 | $ 1,336,225 |
| Total Wastewater Debt Service | | | | | |
| Principal | $ 1,415,000 | $ 550,000 | $ 570,000 | $ 570,000 | $ 460,000 |
| Interest | 965,843 | 909,243 | 893,145 | 893,145 | 876,225 |
| Total Debt Service | $ 2,380,843 | $ 1,459,243 | $ 1,463,145 | $ 1,463,145 | $ 1,336,225 |
| **Recycled Water Debt Service** | | | | | |
| State Revolving Fund | | | | | |
| Principal | $ 775,079 | $ 794,456 | $ 814,320 | $ 814,320 | $ - |
| Interest | 59,596 | 40,219 | 20,355 | 20,355 | - |
| Total Debt Service | $ 834,675 | $ 834,675 | $ 834,675 | $ 834,675 | $ - |
| Advanced Water Purification | | | | | |
| Principal | $ 85,975 | $ 89,579 | $ 93,336 | $ 93,336 | $ 97,249 |
| Interest | 62,178 | 58,574 | 54,817 | 54,817 | 50,904 |
| Total Debt Service | $ 148,153 | $ 148,153 | $ 148,153 | $ 148,153 | $ 148,153 |
| SFID Pipeline Loan | | | | | |
| Principal | $ 3,626 | $ 2,731 | $ 10,000 | $ 10,000 | $ 10,000 |
| Interest | 9,476 | 8,590 | 5,000 | 5,000 | 5,000 |
| Total Debt Service | $ 13,102 | $ 11,321 | $ 15,000 | $ 15,000 | $ 15,000 |
| Solana Beach Pipeline Loan | | | | | |
| Principal | | | $ 36,900 | | $ 9,900 |
| Interest | | | - | | - |
| Total Debt Service | $ - | $ - | $ 36,900 | $ - | $ 9,900 |
| Total Water Reclamation Debt Service | | | | | |
| Principal | $ 864,680 | $ 886,766 | $ 954,556 | $ 917,656 | $ 117,149 |
| Interest | 131,250 | 107,383 | 80,172 | 80,172 | 55,904 |
| Total Debt Service | $ 995,930 | $ 994,149 | $ 1,034,728 | $ 997,828 | $ 173,053 |
| **Total Debt Service** | | | | | |
| Total All Debt Service | | | | | |
| Principal | $ 2,279,680 | $ 1,436,766 | $ 1,524,556 | $ 1,487,656 | $ 577,149 |
| Interest | 1,097,093 | 1,016,626 | 973,317 | 973,317 | 932,129 |
| Total Debt Service | $ 3,376,773 | $ 2,453,392 | $ 2,497,873 | $ 2,460,973 | $ 1,509,278 |
| **Wastewater On Bill Financing** | | | | | |
| San Diego Gas & Electric | | | | | |
| Principal | $ 53,388 | $ 53,388 | $ 53,388 | $ 53,388 | $ 53,388 |
| Interest | - | - | - | - | - |
| Total On Bill Financing | $ 53,388 | $ 53,388 | $ 53,388 | $ 53,388 | $ 53,388 |

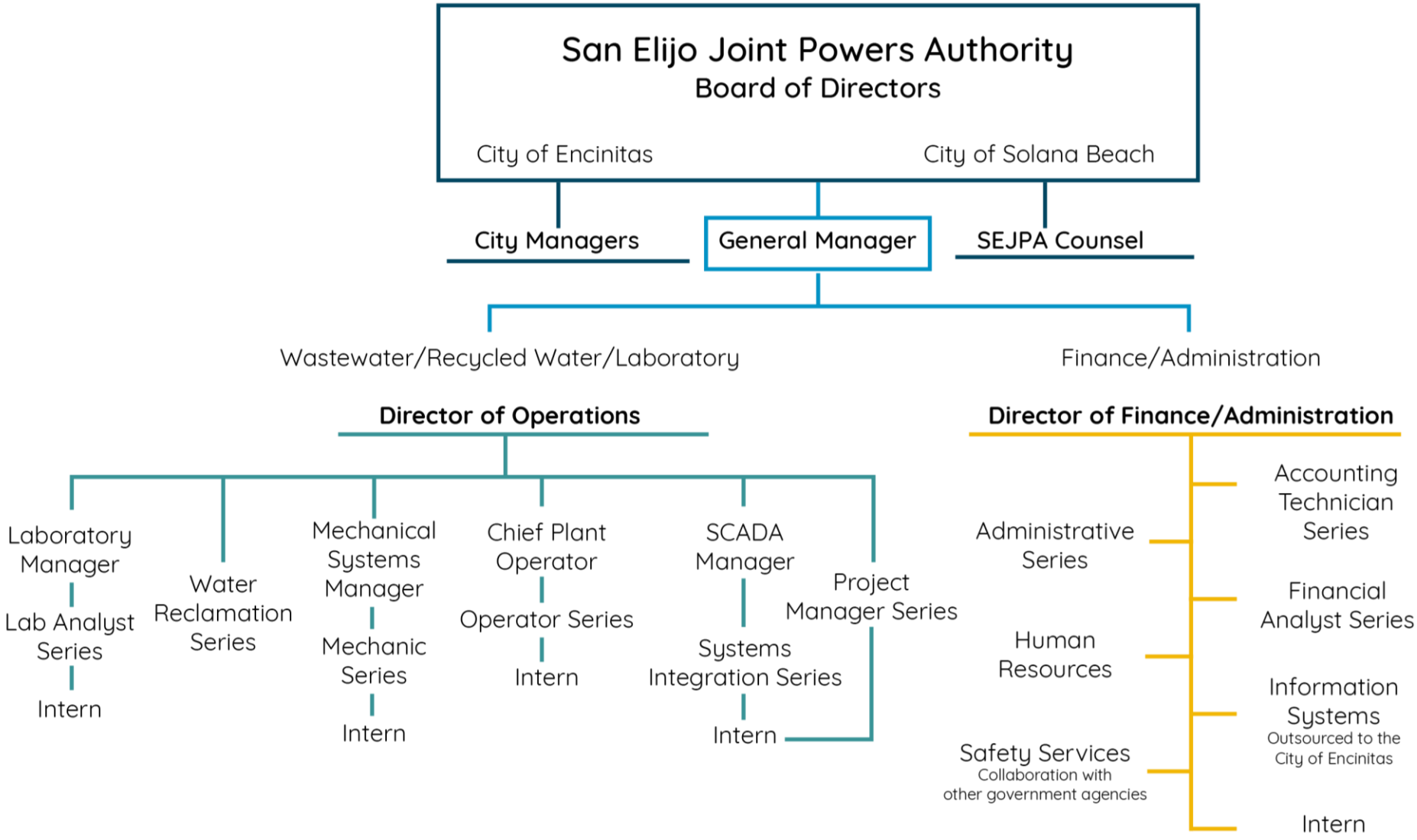
# CLASSIFICATION AND SALARY SCHEDULE

**SAN ELIJO JOINT POWERS AUTHORITY**
***FY 2021-22 CLASSIFICATION AND SALARY SCHEDULE***
**July 1, 2021**

| | Base Salary* | | | |
|---|---|---|---|---|
| | Monthly | | Annual | |
| **Position** | **Minimum** | **Maximum** | **Minimum** | **Maximum** |
| **Accounting Series** | | | | |
| ***Accounting Technician I*** | $3,688 | $5,121 | $44,247 | $61,455 |
| ***Accounting Technician II*** | 4,268 | 5,928 | 51,212 | 71,128 |
| ***Accounting Technician III*** | 4,939 | 7,203 | 59,273 | 86,441 |
| **Administrative Series** | | | | |
| ***Administrative Assistant I*** | 2,733 | 3,850 | 32,801 | 46,196 |
| ***Administrative Assistant II*** | 3,666 | 5,238 | 43,997 | 62,854 |
| ***Administrative Assistant III*** | 4,408 | 5,957 | 52,902 | 71,490 |
| ***Administrative Coordinator*** | 5,914 | 8,160 | 70,965 | 97,922 |
| **Director of Operations** | 11,332 | 15,739 | 135,992 | 188,878 |
| **Director of Finance/Administration** | 11,332 | 15,739 | 135,992 | 188,878 |
| ***Financial Analyst I*** | 5,056 | 6,775 | 60,667 | 81,300 |
| ***Financial Analyst II*** | 5,557 | 7,447 | 66,686 | 89,366 |
| ***Financial Analyst III*** | 6,009 | 8,455 | 72,108 | 101,463 |
| **General Manager (Under Contract)** | 19,720 | 19,720 | 236,638 | 236,638 |
| **Laboratory Series** | | | | |
| ***Laboratory Analyst in Training*** | 4,072 | 6,092 | 48,861 | 68,337 |
| ***Laboratory Analyst I*** | 4,507 | 6,260 | 54,086 | 75,120 |
| ***Laboratory Analyst II*** | 5,394 | 7,491 | 64,718 | 89,885 |
| ***Senior Laboratory Analyst*** | 6,960 | 9,666 | 83,512 | 115,989 |
| ***Laboratory Manager*** | 7,457 | 11,816 | 89,481 | 141,797 |
| **Mechanic Series** | | | | |
| ***Mechanic in Training*** | 4,072 | 5,695 | 48,861 | 68,337 |
| ***Mechanic I*** | 4,589 | 6,462 | 55,060 | 77,548 |
| ***Mechanic II*** | 5,305 | 7,471 | 63,658 | 89,659 |
| ***Lead Mechanic*** | 5,739 | 8,083 | 68,863 | 96,989 |
| ***Mechanical Systems Manager*** | 7,990 | 11,816 | 95,883 | 141,797 |
| ***Project Management Series*** | | | | |
| ***Senior Project Manager*** | 8,508 | 11,816 | 102,094 | 141,797 |
| ***Project Manager*** | 7,457 | 10,875 | 89,481 | 130,492 |
| ***Systems Integration Series*** | | | | |
| ***Systems Integration Technician in Training*** | 4,072 | 5,695 | 48,861 | 68,337 |
| ***Systems Integration Technician I*** | 4,668 | 6,575 | 56,019 | 78,900 |
| ***Systems Integration Technician II*** | 5,433 | 7,653 | 65,203 | 91,834 |
| ***SCADA Manager*** | 8,450 | 12,425 | 101,388 | 149,101 |
| **Wastewater Treatment Operator Series** | | | | |
| ***Operator-In-Training*** | 4,072 | 5,695 | 48,861 | 68,337 |
| ***Operator I*** | 4,616 | 6,456 | 55,392 | 77,472 |
| ***Operator II*** | 5,555 | 7,769 | 66,659 | 93,230 |
| ***Water Reclamation Specialist*** | 5,794 | 8,160 | 69,524 | 97,922 |
| ***Lead Operator*** | 6,329 | 8,914 | 75,945 | 106,964 |
| ***Chief Plant Operator*** | 7,990 | 11,816 | 95,883 | 141,797 |
| **Intern (All Departments)** | 2,296 | 3,820 | 27,554 | 45,845 |

**** Base salary minimum nad maximum are based on full-time employment. Intern positions are generally part-time.***

# ORGANIZATIONAL CHART



AGENDA ITEM NO. 14

SAN ELIJO JOINT POWERS AUTHORITY
MEMORANDUM

April 20, 2021

TO: Board of Directors
San Elijo Joint Powers Authority

FROM: General Manager

SUBJECT: PHASE 2 STORMWATER CAPTURE AND REUSE - GRANT AWARD

## RECOMMENDATION

It is recommended that the Board of Directors:

1. Approve Resolution 2021-03 of the Board of Directors of the San Elijo Joint Powers Authority to Authorize Entering into a Funding Agreement with the State Water Resources Control Board and Authorizing and Designating Michael T. Thornton as Project Director for the Phase 2 Stormwater Capture and Reuse Project; and

2. Discuss and take action as appropriate.

## BACKGROUND

The San Elijo Joint Powers Authority (SEJPA) is interested in expanding its efforts to protect the environment and public health by capturing and reusing urban runoff and stormwater flows. These waters are often a major source of pollution for streams, lagoons, and the ocean. Currently, SEJPA receives stormwater and urban runoff on a limited basis, from low-flow diversion stations located at the San Elijo Water Campus, Del Mar Fairgrounds, and two sites within the City of Solana Beach.

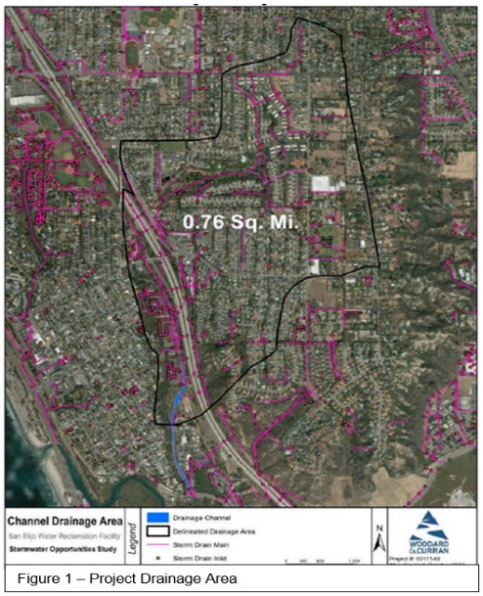


Figure 1 – Project Drainage Area

Staff has developed concept plans for a phased project that will capture surface stormwater flows for treatment and reuse through the recycled water program. The watershed that drains into this regional storm channel is 0.76 square miles within the community of Cardiff by the Sea (Figure 1). The project has been developed into two distinct components that can be constructed and operated independent of each other, but also designed to be complementary.

Phase 1 of the project is focused on diverting low flows that are on the order of 500,000 gallons per day or less. The project includes biofiltration, desilting, and screening to clean the water prior to entering the recycled water process and has the flexibility to process stormwater during rain events

or store up to 420,000 gallons onsite in existing tanks for processing and reused after the storm event passes.

Phase 2 is intended to advance Phase 1 and create an additional local water supply through the construction of a stormwater infiltration basin for groundwater recharge and wells to extract stored groundwater for reuse. This phase is intended to capture up to 33 million gallons per year, providing water quality and environmental benefits such as reducing pollutant loads from stormwater that drains from the urbanized watershed. Stormwater from this watershed flows through a concrete-lined channel within the project site and then drains directly to the San Elijo Lagoon. The San Elijo Lagoon is an impaired water body under the California Clean Water Act and is listed on the 303(d) list of impaired water bodies for bacteria, sediment, and nutrients. The location of the stormwater channel presents a unique opportunity for stormwater capture and reuse, thus improving the overall quality of water entering to the San Elijo Lagoon. This wetland habitat is home to several endangered and threatened species and is a highly valued recreational area.

In addition, staff is investigating the feasibility of adding high quality recycled water into the infiltration basin during the dry season for additional storage benefits to the recycled water program, which may lay the foundation for potable reuse in the future. This multi-benefit project will augment recycled water production during peak demand periods, as well as provide water quality and flood management benefits to the communities and watershed served by SEJPA.

## DISCUSSION

Through a competitive selection process, the Phase 2 Stormwater Capture and Reuse project was selected by the State Water Resources Control Board (SWRCB) to receive $1.5 million in grant funding. This will complement SEJPA's $1.1 million grant award for Phase 1. For both grants, SEJPA is the lead agency, with the Nature Collective as a project partner to provide a complimentary educational program on the importance of water quality to the watershed and ecosystem.

To proceed with the Phase 2 grant and develop the final grant agreement with the State, the SWRCB requires SEPJA to submit information in support of the grant pursuit, including the attached resolution. This resolution does not obligate SEJPA to accept the grant funds at this time. A separate resolution will be presented for the obligation of funds prior to signing an agreement for financial assistance with the SWRCB.

The proposed Phase 2 project would be located in the northwest corner of the Water Campus site and includes an open storage basin underlain with a detention/infiltration gallery that allows stormwater to percolate and recharge the groundwater table (Figure 2).

Figure 2 – Existing concrete storm channel and desiltation basin.

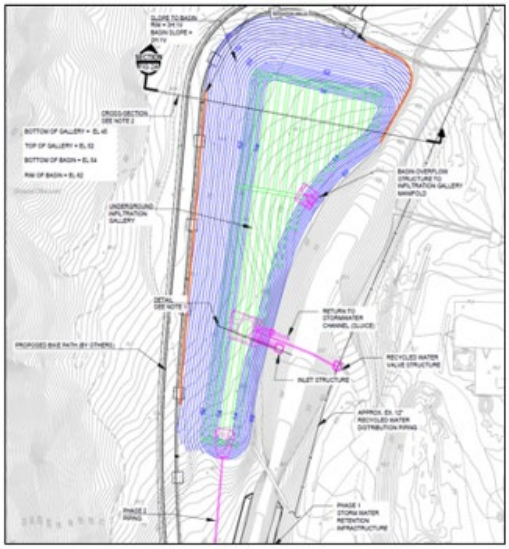


Figure 3 – Aboveground Storage and Belowground Infiltration Gallery

The source water for the infiltration basin will be drawn during rain events from the open storm channel that traverses the Water Campus site. As shown in the photo (Figure 2), the open channel contains an existing de-silting basin using a concrete weir within the channel to impede storm flows and allow sediment to settle out for collection. Accumulated sediment is periodically removed as part of the channel maintenance conducted by SEJPA.

Stormwater from the open channel will be diverted to the underground detention/infiltration gallery and to the above ground storage basin (Figure 3). The underlying infiltration gallery will be composed of perforated culverts (likely plastic or metal) surrounded and overlain with a gravel and geotextile filter system. The infiltration gallery and storage basin will be located on SEJPA owned vacant land between the concrete channel and the new multi-use bike and pedestrian path.

The above ground storage basin will provide temporary storage of diverted stormwater, as well as excess treated recycled water, in addition to providing hydraulic head to promote groundwater infiltration. Phase 2 also includes means to extract the stored water using production wells or a French-drain type groundwater collection gallery, and piping to convey the water back to the water reclamation facility for final treatment, disinfection, and beneficial reuse.

## FINANCIAL IMPACT

The project is still in the early development stage with the next steps being geotechnical site evaluation for stormwater infiltration rates and then the preliminary design. At the current project concept level, the Phase 2 Stormwater Capture and Reuse project budget is estimated at $4.1 million. The State Water Resources Control Board Proposition 1 Stormwater grant funding would provide $1.5 million for the investigation, design, and construction of the project. Staff also recently submitted an application for federal grant funding that could provide this project an additional $1.25 million. Remaining project costs would be funded by the Recycled Water Program CIP fund upon Board approval.

It is therefore recommended that the Board of Directors:

1. Approve Resolution 2021-03 of the Board of Directors of the San Elijo Joint Powers Authority to Authorize Entering into a Funding Agreement with the State Water Resources Control Board and Designating Michael T. Thornton, P.E. as Project Director for the Phase 2 Stormwater Capture and Reuse Project; and

2. Discuss and take action as appropriate.

Respectfully submitted,

Michael T. Thornton, P.E.
General Manager

Attachment 1: Resolution No. 2021-03

Attachment 1

RESOLUTION NO.2021-03

April 20, 2021

A RESOLUTION AUTHORIZING ENTERING INTO A FUNDING AGREEMENT WITH THE STATE WATER RESOURCES CONTROL BOARD AND AUTHORIZING AND DESIGNATING MICHAEL THORNTON AS PROJECT DIRECTOR FOR THE STORMWATER CAPTURE AND REUSE PROJECT.

Whereas, San Elijo Joint Powers Authority has submitted an application to the State Water Resources Control Board for funding for the Stormwater Capture and Reuse; and

Whereas, prior to the State Water Resources Control Board's executing a funding agreement, San Elijo Joint Powers Authority is required to adopt a resolution authorizing an agent, or representative, to sign the funding agreement, amendments, and requests for disbursement on behalf of San Elijo Joint Powers Authority, and to carry out other necessary Project-related activities;

Now, therefore, be it resolved and ordered, that San Elijo Joint Powers Authority is hereby authorized to carry out the Project, enter into a funding agreement with the State Water Resources Control Board, and accept and expend State funds for the Project; and

Be it further resolved and ordered, that the General Manager, or designee, is hereby authorized and designated to sign, for and on behalf of San Elijo Joint Powers Authority, the funding agreement for the Project and any amendments thereto; and

Be it further resolved and ordered, that the General Manager, or designee, is hereby authorized and designated to represent the San Elijo Joint Powers Authority in carrying out San Elijo Joint Powers Authority's responsibilities under the funding agreement, including certifying invoices and disbursement requests for Project costs on behalf of San Elijo Joint Powers Authority and compliance with applicable state and federal laws.

Be it further resolved and ordered, that any and all actions, whether previously or subsequently taken by San Elijo Joint Powers Authority, which are consistent with the intent and purposes of the foregoing resolution, shall be, and hereby are, in all respects, ratified, approved and confirmed.

CERTIFICATION

I hereby certify that the foregoing is a full, true, and correct copy of a resolution duly and regularly adopted by the San Elijo Joint Powers Authority Board of Directors at the meeting thereof held on April 20, 2021.

| | | |
|---|---|---|
| Ayes: | _____ | Boardmembers: |
| Noes: | _____ | Boardmembers: |
| Abstained: | _____ | Boardmembers: |
| Absent: | _____ | Boardmembers: |

Signature: _____
Kristi Becker, Chairperson
San Elijo Joint Powers Authority Board of Directors

Attest:
Signature: _____
Michael T. Thornton, P.E.
Secretary

AGENDA ITEM NO. 15

SAN ELIJO JOINT POWERS AUTHORITY
MEMORANDUM

April 20, 2021

TO: Board of Directors
San Elijo Joint Powers Authority

FROM: General Manager

SUBJECT: DRAFT RECYCLED WATER COST OF SERVICE STUDY AND PROPOSED WHOLESALE RATE INCREASE AND RESERVE POLICY

## RECOMMENDATION

No action required. The presentation of the Draft Recycled Water Cost of Service Study and proposed wholesale rate increase and reserve policy is for information only.

## BACKGROUND

San Elijo Joint Powers Authority (SEJPA) operates a recycled water utility that produces and wholesales recycled water to four water purveyors; Santa Fe Irrigation District (SFID), San Dieguito Water District (SDWD), Olivenhain Municipal Water District (OMWD), and the City of Del Mar; and also has an interruptible service agreement directly with the Encinitas Ranch Golf Authority (ERGA). Each water purveyor has its own wholesale agreement with the SEJPA that provides the terms for recycled water price, water quality, water quantity, and contract length with allowance for annual price increases as prescribed through a cost-of-service model.

The original SEJPA wholesale agreements were developed in the 1990's and the cost of recycled water was established at 85% of the water purveyors' potable water rate. This pricing is known as, "Index Pricing", and is a common practice in Southern California. Index pricing provides an industry accepted methodology for ensuring the recycled water cost is below the price of potable water.

In 2013, SEJPA conducted a financial review of the Recycled Water Utility that confirmed that revenues were adequate to support the utility using a cost-of-service model instead of index pricing. The financial review indicated that the program could transition to the new pricing model assuming (1) water sales continued to grow, (2) incentive funding from the CWA and MWD continued, and (3) the creation of repair and replacement reserve funding could be developed slowly over the next two decades.

Based on this information, SEJPA reached agreement with its water purveyors for moving toward cost-of-service methodologies for setting future water rates. This action decoupled future recycled water price increases from that of potable water. However, since the Recycled Water Utility is not financially stable without receiving incentive funding from CWA and MWD, most of the agreements also include terms that set future price increases of at least 2%, but no more than 5%, with the recommended increase being based on cost-of-service methodologies.

Since 2013, SEJPA retained Raftelis Financial Consultants (RFC) to prepare recycled water cost-of-service updates in 2016 and 2018, which resulted in recommended water rates increasing between 3.8% and 4.0% annually for the period of FYE 2017 to FYE 2021. During this same period, comparable potable water rates by the program's water district purveyors have generally exceeded 4.0% annually. In 2021, the water purveyors are retailing recycled water between 20% and 38% less than the corresponding potable water category.

In 2021, SEJPA retained Carollo Engineers (Carollo) to conduct the 2021 Recycled Water Rate Study (Study). The purpose of this Study is to assess SEJPA's current recycled water wholesale rates, financial metrics, and recycled water demands and provide rate recommendations for FYE 2022 through 2026.

At the March 16, 2021 Board meeting, staff presented the recycled water cost-of-service and capital improvement program (CIP) workshop and received Board direction to incorporate a revised and formalized reserve policy and a 10-year capital improvement plan in the draft cost-of-service study and present the financial impact to the Board at the April 20, 2021 meeting.

## DISCUSSION

Carollo completed its cost-of-study for the 5-year period from FYE 2022 to FYE 2026 and provided recommendations for improving the recycled water reserve policy to gain better alignment with policies of the water districts we service. The Study evaluated several scenarios to determine the optimal combination of affordable water rates, adequate reserve funding, and provisions for capital project funding. The scenario that ranked the highest is as follows:

- 3.9% annual rate increase commencing FYE 2022 to FYE 2026
- Finance approximately 50% of the anticipated $10.7 million capital program
- Update the reserve policy as outlined in Attachment 2

These recommendations will provide adequate revenue for capital expenditures from FYE 2021 to FYE 2030, provide financial resiliency to protect against unforeseen revenue fluctuations, and create growing reserve funds to further bolster.

This cost-of-service study incorporated the reserve policy (see Attachment 2) and the 10-year capital improvement plan as presented during the March 16, 2021 Board meeting. Table 1 below shows the reserve components. Table 2 below shows the 10-year capital improvement plan.

**Table 1 Reserve Fund Components**

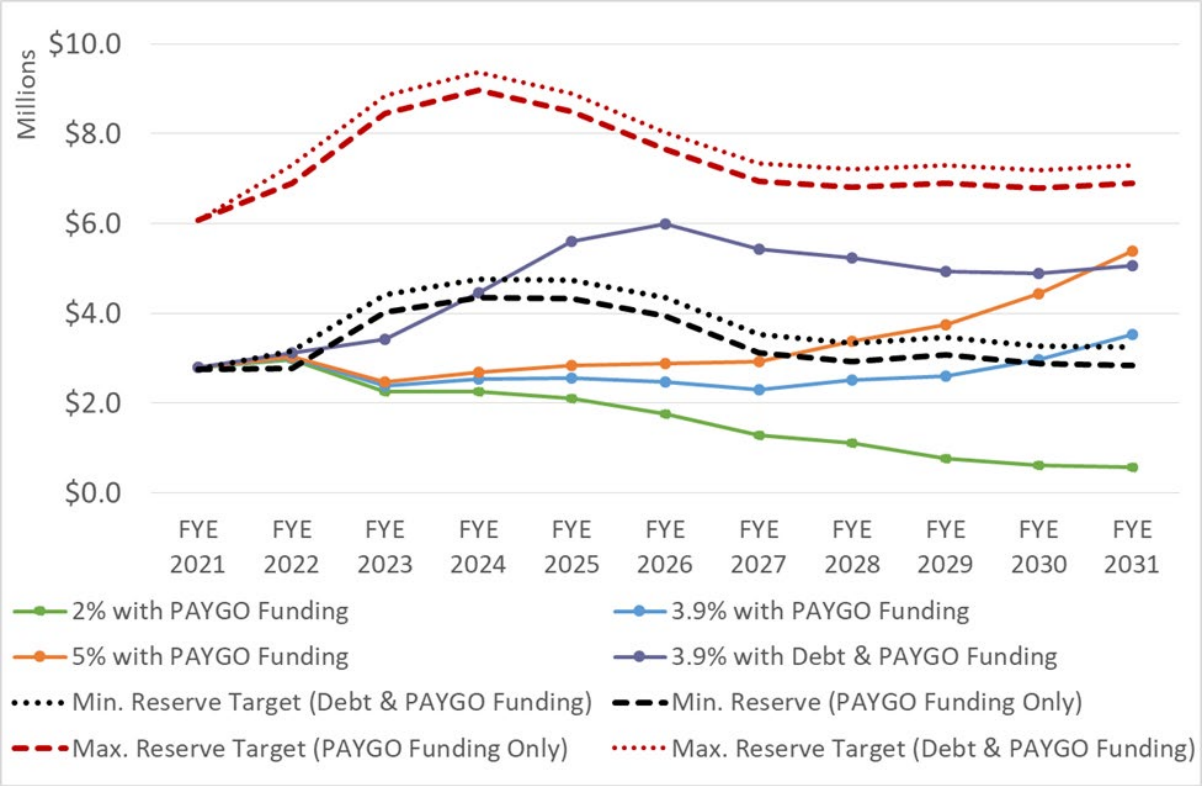
| Reserve Components | Minimum Target |
|---|---|
| Operating | **Minimum:** 60 days of Operating Expenses<br>**Maximum:** 120 days of Operating Expenses |
| Rate Stabilization | **Minimum:**<br>• One year of debt service payments<br>• 25% of the current fiscal year budgeted recycled water sales revenue<br>**Maximum:**<br>• One year of debt service payments<br>• 100% of the current fiscal year budgeted recycled water sales revenue |
| Capital Improvement and Replacement | **Minimum:** 100% current year cash CIP, 50% second year cash CIP, and 25% third year cash CIP.<br>**Maximum:** 100% of current, second-, and third-year cash CIP. |

**Table 2 10-Year Capital Improvement Plan**

| Project | Description |
|---|---|
| Treatment Projects | Improvements to treatment & disinfection process to improve reliability, increase output, and allow for stormwater recycling |
| Conveyance Projects | Replace aging distribution pumps, expand distribution capacity, and improve flow balancing between offsite reservoirs. |
| Storage Improvements | Rehabilitate existing water storage reservoir or construction of new. |
| Distribution System Valves/Misc. Appurtenances Replacement | Replace aging valves and other misc. appurtenances within distribution system. |

Part of the cost-of-service study is to analyze the revenue requirement, which is a test of SEJPA's fiscal health, scrutinizing the adequacy of current revenues against funding needs. This test sets the basis for rate planning and reviews the viability of the utility's revenues against operating and capital expenses, debt service, and reserve targets. Where cash flows and balances are insufficient, the revenue requirement analysis recommends the needed additional cash flows to meet all funding goals. To avoid future rate hikes above inflation and to allow for reserve balances to reach the minimum target over the next four years, the analysis suggests that SEJPA combine the recommended 3.9% annual rate increase with $5.5 million in debt financing. Graph 1 below shows the projected fund balance for each of the analyzed rate increase and capital funding strategies as well as the minimum and maximum reserve targets.

**Graph 1 Projected Fund Balance Comparison**




Staff agrees with Carollo's recommendation to increase the price of recycled water for the 5-year period as shown in the table below.

| | FYE 2022 | FYE 2023 | FYE 2024 | FYE 2025 | FYE 2026 |
|---|---|---|---|---|---|
| Revenue Increase | 3.9% | 3.9% | 3.9% | 3.9% | 3.9% |
| Recommended Recycled Water Rate ($/AF) | $1,704 | $1,770 | $1,839 | $1,911 | $1,986 |

FINANCIAL IMPACT

Based on budgeted and projected water sales, the proposed 3.9% rates increase coupled with PAYGO and debt financing will result in adequate funding for the recycled water utility for the 5-year period, FYE 2022 through FYE 2026. The basis for this rate increase is supported by the cost-of-service evaluation conducted by Carollo (see Attachment 1) to fund operating expenses, debt, and capital projects while maintaining reserve funds consistent with industry best practices (see Attachment 2) to protect from and respond to unforeseen circumstances that impact revenues or costs.

Respectfully submitted,

Michael T. Thornton, P.E.
General Manager

Attachment 1: Carollo Engineers 2021 Recycled Water Rate Study
Attachment 2: Recycled Water Reserve Policy

Attachment 1

# 2021 RECYCLED WATER RATE STUDY

*San Elijo Joint Powers Authority*

April 2021

carollo

# Contents

## Tables

## Figures

Section 1

# INTRODUCTION

## 1.1 Background

### 1.1.1 About San Elijo Joint Powers Authority

The San Elijo Joint Powers Authority (SEJPA or Authority) owns and operates a recycled water utility within San Diego County, California with deliveries beginning in 2000. At that time, SEJPA initiated recycled water service to Santa Fe irrigation District (SFID), the San Dieguito Water District (SDWD), and the City of Del Mar. Starting in 2011, SEJPA began providing interruptible recycled water service to the Encinitas Ranch Golf Authority (ERGA) as part of an agreement with SDWD and ERGA. Recycled water service to Olivenhain Municipal Water District (OMWD) began in 2012. Service is provided to the purveyors and to ERGA through contract agreements with SEJPA that includes specifications for water quality, annual consumption volume, pricing, and other terms and conditions.

SEJPA's recycled water system includes tertiary treatment, transmission, storage, distribution, and advanced water purification (AWP) facilities. The recycled water utility can produce more than three million gallons per day (gpd). SEJPA's recycled water program creates a locally produced and drought resistant water supply for irrigation and industrial uses, thereby improving water reliability regionally. The San Diego region currently relies on imported water for the majority of its water supply. In addition, recycled water generally has a lower energy footprint than imported water or ocean desalination, which aligns with both local and state climate action goals.

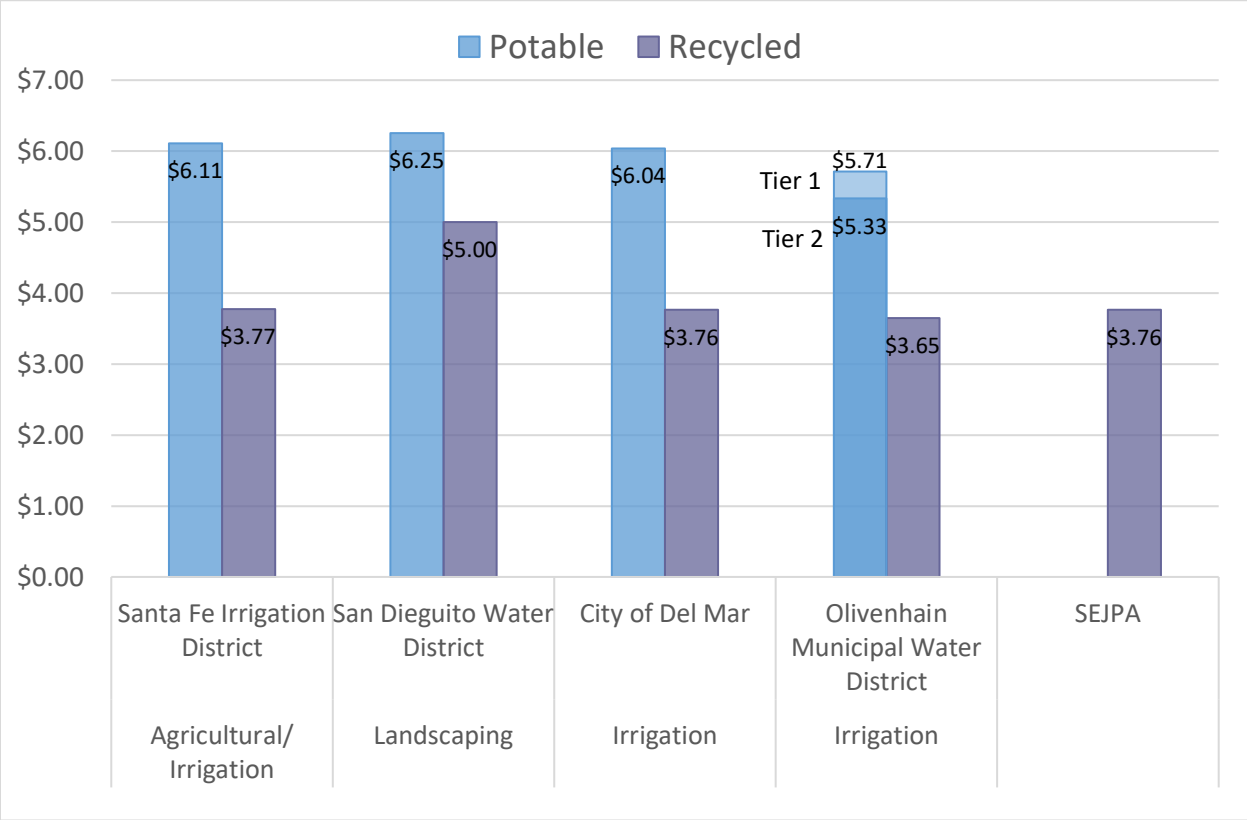
SEJPA actively collaborates with the water purveyors to expand the use of recycled water by facilitating customer conversions and connections, expanding distribution and storage infrastructure, and incentivizing infrastructure expansion by the purveyors through pipeline lease and purchase agreements.

When the recycled water utility launched in 2000, water pricing was established as 85-percent of the applicable potable water rate as set by the water purveyors, which provided a 15-percent discount to the customer as incentive to use recycled water. In 2014, the recycled water agreements between SEJPA and the water purveyors were amended to remove the "indexing" of recycled water rates to potable water rates. In lieu of indexing, future recycled water rates would be established using cost of service principles. This change in recycled water pricing produced additional savings to water purveyors and ultimately the customers. For example, SFID in 2021 retails recycled water at $3.77 per HCF or 62-percent of the Irrigation/Commercial Agriculture water rate, producing a 38-percent discount to recycled water customers.

OMWD's rate for recycled water is $3.65 per HCF; SDWD's rate for recycled water varies from $4.34 to $5.09 per HCF based on use type; and Del Mar's rate is $3.76 per HCF. Each water purveyor has its own methodology for recovering costs for the provision of recycled water service and all rate are at least 20-percent less than the corresponding potable water category. Looking forward, each water purveyor has developed its own potable water cost of service forecast with future water rates generally increasing between 2.6-percent and 6.5-percent with SFID forgoing its planned 2021 rate increase of 3% due to local economic conditions. On the regional level, San Diego County Water Authority is planning its 2021 rate increase at 4.8-percent. Figure 1

compares the water purveyors' current potable water irrigation or landscape rate and recycled water rate to SEJPA's current rate.

Figure 1 Water Purveyors Current Potable and Recycled Water Rates per HCF




### 1.1.2 Study Purpose

SEJPA retained Carollo Engineers (Carollo) to conduct this 2021 Recycled Water Rate Study (Study). The purpose of this Study is to assess SEJPA's current recycled water wholesale rates, financial metrics, and recycled water demands and provide rate recommendations starting with FYE 2022 through FYE 2026.

Having been in operation for just over 20 years, SEJPA's recycled water program is in the process of maturing into an established utility. While the customer base continues to grow slowly, which adds a level of certainty to expected demands, demand fluctuation and revenue volatility can be impacted by weather. Further, some system components are beginning to near the end of their expected useful life and will require rehabilitation or replacement in the near term to ensure the system's reliability. Lastly, the incentives that SEJPA receives from the Metropolitan Water District of Southern California (MWD) and from the San Diego County Water Authority (SDCWA) will sunset after FYE 2026, decreasing annual revenues by approximately $700,000. Given these factors, it is important that the rate plan provides fiscal stability by providing sufficient reserves to protect from demand fluctuations, and generate the necessary revenues to continue investing in the system through capital projects.

### 1.1.3 Forward-Looking Statement

The calculations and forecasts of this analysis are based on a reasonable projection of existing service costs, recycled water demands, and system operations with information available, and on existing legal

requirements. These projections are based upon operational and financial data provided by SEJPA. SEJPA may need to revisit the financial plan and rate setting analysis if significant changes occur in the assumed inputs for this analysis, such as unexpected changes to SEJPA's recycled water agreements, changes occurring in specific California law governing water agencies, or further regulatory actions by the Governor of California or the California State Water Resources Control Board (SWRCB) in regard to water.

## 1.2 Overview of Rate-Setting Process

Carollo's rate-setting methodology is consistent with industry guidelines established by the M1 Manual, which is published by the American Water Works Association (AWWA), a national industry trade group that makes recommendations on generally accepted practices in the water industry. An overview of this approach is outlined in Figure 2.

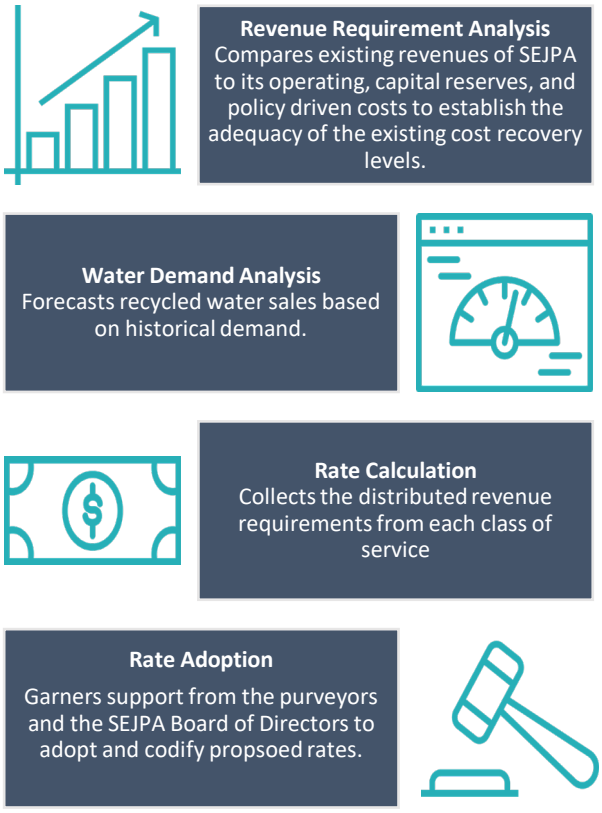



Figure 2 Conceptual Overview of the Rate-Setting Process

### 1.2.1 Revenue Requirement Analysis

The revenue requirement analysis compares the forecasted revenues of SEJPA (under existing rates and forecasted recycled water demands) to its forecasted operating and capital costs. This step tests the adequacy of the existing rates to recover SEJPA's forecasted costs. If there are shortfalls, increases to rate revenue are recommended until the tests are passed.

### 1.2.2 Recycled Water Demand Analysis

Forecasting recycled water sales is a critical component in the rate setting process. As part of the budget process, SEJPA forecasts the expected recycled water demand based on historical demand, weather, and other variables. Future demands are based on historic sales and escalated for projected growth. Two scenarios were developed that forecasted future water sales creating high and low demand projection. These forecasted recycled water demands are then compared against forecasted revenue requirements and various rates scenarios are developed to recover costs, fund capital projects, and meet reserve fund goals.

### 1.2.3 Rate Calculation

The rate calculation provides the final nexus between the revenue requirements and final rates that purveyors are charged. This process connects planned expenditures to the designed rates by establishing rates to match the estimated revenue generation with expenditures and to account for adequate program reserves.

### 1.2.4 Rate Adoption

As a wholesaler providing service under contract agreements, SEJPA is not subject to the procedural requirements for rate adoption under California Proposition 218, as well as its strict rate setting requirements. Nonetheless, it is important that the recycled water rates are set in a manner that reflects the true revenue requirements of providing recycled water service and proportionally recover those costs to the purveyors

based on their usage of the system. SEJPA also proactively engages with the purveyors during the rate setting process to garner support for the rates prior to presenting them to the Board of Directors for consideration and adoption.

## 1.3 Existing Rate Structure

SEJPA's agreements with SFID, SDWD, OMWD, and the City of Del Mar include minimum annual purchase volumes. SEJPA's interruptible service agreement with ERGA includes a minimum annual delivery volume. All of these minimum volume agreements allow the Authority to establish a minimum annual revenue stream for the program, which helps support the Authority's AA+ financial rating as well as to help reduce future rate volatility that can result from dramatic swings in annual water purchases from the program participants.

Table 1 Minimum Purchase Volumes

| Purveyor | Minimum Purchase Volume (AFY), as of FYE 2021 |
|---|---|
| Santa Fe Irrigation District | 450 |
| San Dieguito Water District | 300 |
| City of Del Mar | 85 |
| Encinitas Ranch Golf Authority | 200 |
| Olivenhain Municipal Water District | 185 |
| **Total Minimum Purchase Volume, All Purveyors** | **1,220 AFY** |

Rate volatility is also limited by terms and condition within the existing purveyor agreements, which have a floor and ceiling provision that limits rate increases between 2 and 5 percent annually. Following the Authority's previous 2018 Recycled Water Rate Study, SEJPA implemented annual 3.8-percent rate increases from FYE 2018 through FYE 2021. Each recycled water purveyor, which the exception of ERGA, has a non-interruptible service agreement with SEJPA and each is charged the same recycled water rate on a $/AF basis as shown in Table 2 below. ERGA receives a pre-determined 4-percent annual increase as set forth in the agreement with the Authority, as this is an interruptible service agreement.

Table 2 Existing Recycled Water Rate

| | FYE 2018 | FYE 2019 | FYE 2020 | FYE 2021 |
|---|---|---|---|---|
| Approved Rate Increase | 3.8% | 3.8% | 3.8% | 3.8% |
| **Recycled Water Rate ($/AF)** | **$1,466** | **$1,522** | **$1,580** | **$1,640** |

Section 2

# ASSUMPTIONS

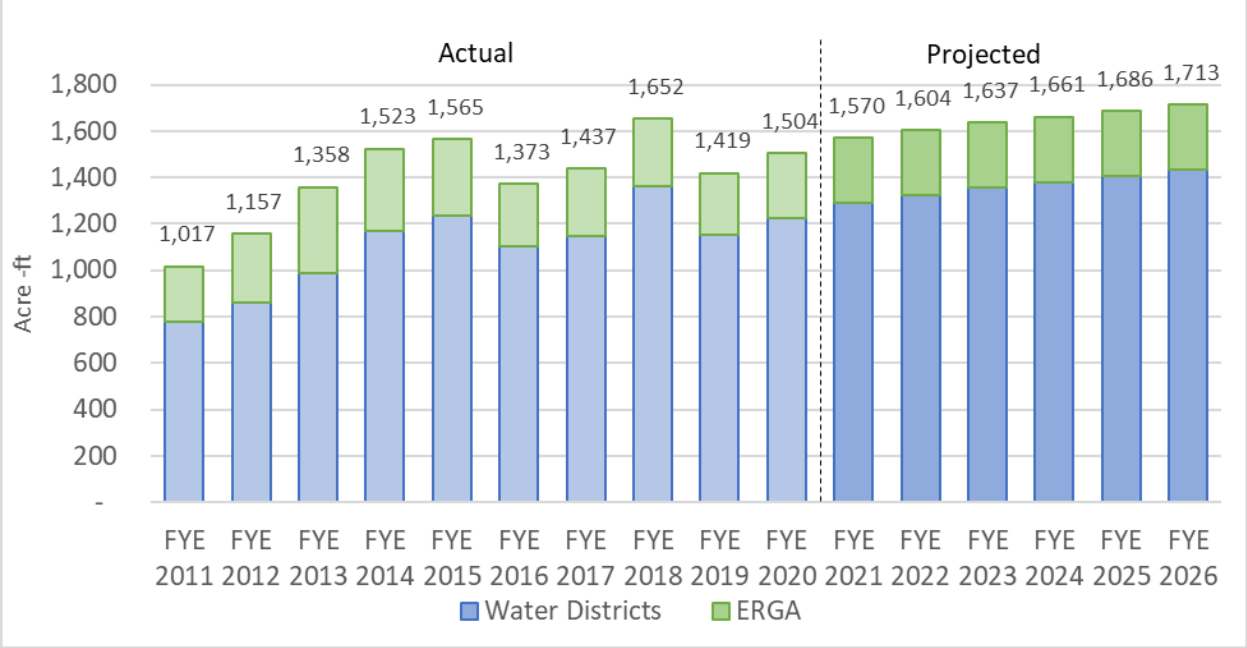
The Authority's recycled water revenues and expenses analyzed in this Study are forecasted based on actual and budgeted revenues, expenses, and demands by customer. Actual and budgeted revenues and expense data were provided by SEJPA in the form of audited financial statements and budget documents. Recycled water demands and cost escalation factors were forecasted based on discussion with Authority staff, industry data, and historical trends.

## 2.1 Recycled Water Demand

Recycled water sold by SEJPA via the purveyors is used almost exclusively for outdoor irrigation, with a minor demand component for industrial uses such as cooling towers and wash-water. Annual demands are influenced heavily by weather variation year-over-year. As shown in Figure 3, recycled water demands have fluctuated historically, with a general upward trend. Demands decreased in FYE 2016 during the last major drought as the State and local agencies mandated conservation measures. Although conservation was not mandated for recycled water, the message to conserve appeared to be received by both potable and recycled water customers as consumption was noticeably reduced. Demands then rebounded through FYE 2018 before decreasing again in FYE 2019 due to above average rainfall.

The Authority, its Member Agencies (City of Encinitas and Solana Beach), and the water purveyors have supported the continued investment and growth of recycled water use within their area of influence. Projects completed in the last five years include Village Park, Encinitas Ranch, and Via de la Valle expansion projects. It should be noted that the connection of new customers to these projects has been slower than originally forecasted.

Figure 3 Historical and Projected Recycled Water Demands



When looking forward, this Study considered annualized demand growth at 1.8% in the near team (next five years) and 0.5% thereafter. SEJPA has made investments to expand and improve the recycled water utility, often in partnership with the water purveyors or with the Cities of Encinitas and Solana Beach. The forecasted increase in recycled water demands reflects the expectation that new customers will continue to connect to the system via the recently constructed pipelines in the cities of Solana Beach and Encinitas, coupled with infill connections and retrofits to SEJPA's existing distribution system, as well as with the return of Caltrans landscape irrigation within the I-5 corridor.

The recycled water revenues analyzed in this Study are forecasted based on the expected demands from each purveyor. Table 3 summarizes the actual and forecasted recycled water demands by purveyor. Projected increases in demand for each customer are based on the expected new connections to the recycled water system within each customer's service area.

Table 3 Actual and Forecasted Recycled Water Demands (AF)

| Customer | Actual FYE 2020 | Budget FYE 2021 | Forecasted FYE 2022 | Forecasted FYE 2023 | Forecasted FYE 2024 | Forecasted FYE 2025 | Forecasted FYE 2026 |
|---|---|---|---|---|---|---|---|
| SFID | 522 | 550 | 555 | 558 | 561 | 564 | 566 |
| SDWD | 366 | 385 | 397 | 409 | 411 | 413 | 415 |
| City of Del Mar | 108 | 114 | 114 | 114 | 114 | 114 | 114 |
| ERGA | 279 | 280 | 280 | 280 | 280 | 280 | 280 |
| OMWD | 229 | 241 | 258 | 276 | 295 | 316 | 338 |
| **Total Customer Usage[1]** | **1,504** | **1,570** | **1,604** | **1,637** | **1,661** | **1,686** | **1,713** |
| (Less): ERGA | (279) | (280) | (280) | (280) | (280) | (280) | (280) |
| **Total Usage for Rate Calculation** | **1,225** | **1,290** | **1,324** | **1,357** | **1,381** | **1,406** | **1,433** |

Notes:
(1) Projected usage includes supplemental potable water use, projected to be 6 AF per year in FYE 2021 through FYE 2025 and 7 AF in FYE 2026.
(2) Totals may not tie due to rounding.

## 2.2 Operating Revenues

SEJPA collects approximately 75-percent of its revenues through recycled water sales. SEJPA's other operating revenues include grants and annual incentives provided by MWD and SDCWA, which provides an incentive for up to 1,600 AFY in total annual sales. MWD provides $250/AF, and SDCWA provides $200/AF. The incentive program will sunset in September 2025.

Table 4 shows operating revenues from FYE 2021 budget to FYE 2026 projections. Each revenue item was calculated based on the projected recycled water demands. ERGA revenue was escalated at 4-percent per year, based on the existing agreement with the Authority.

Table 4 Projected Revenues with Current Rates

| Revenue Item | Budget FYE 2021 | Projection FYE 2022 | Projection FYE 2023 | Projection FYE 2024 | Projection FYE 2025 | Projection FYE 2026 |
|---|---|---|---|---|---|---|
| Santa Fe Irrigation District | $902 | $911 | $915 | $920 | $924 | $929 |
| San Dieguito Water District | 632 | 651 | 670 | 673 | 677 | 680 |
| City of Del Mar | 187 | 187 | 187 | 187 | 187 | 187 |
| Olivenhain Municipal Water District | 395 | 423 | 453 | 484 | 518 | 554 |
| **Total Water District Revenues** | **$2,116** | **$2,171** | **$2,225** | **$2,265** | **$2,306** | **$2,351** |
| MWD/SDCWA Incentives(1) | 707 | 720 | 720 | 720 | 720 | 311 |
| IRWM Grant - Capital | 50 | - | 250 | 500 | 400 | 600 |
| IRWM Grant - Interfund Debt | - | 600 | - | - | - | - |
| Encinitas Ranch Golf Authority | 291 | 303 | 315 | 328 | 341 | 354 |
| **Total Other Revenues** | **$1,048** | **$1,623** | **$1,285** | **$1,548** | **$1,461** | **$1,265** |
| **Total Revenues** | **$3,163** | **$3,794** | **$3,510** | **$3,812** | **$3,767** | **$3,616** |

Notes:
(1) FYE 2026 MWD/SDCWA subsidy revenue reflects a partial year of funding, as the program sunsets in September 2025.
(2) All monetary values in thousands of dollars.
(3) Totals may not tie due to rounding.

## 2.3 Operating Expenses

Operating expenses are costs that SEJPA incurs on an ongoing basis to provide recycled water service to its customers. These costs include items such as personnel expenses, supplies and services, utilities, rent, retrofit expenses, and capital outlay. Costs for most operating line items are projected using SEJPA's FYE 2021 budget as a basis and applying annual escalation factors. Retrofit expenses are projected at $100,000 in FYE 2021 and $50,000 per year thereafter. Capital outlay is expected to remain flat at $50,000 per year.

### 2.3.1 Cost Escalators

The assumed cost escalation factors for operating and maintenance (O&M) expenses are summarized Table 5 below. Cost escalators are held relatively constant through FYE 2023. Starting in FYE 2024, many of the escalators are increased by 0.5%. In FYE 2025, all escalators are increasing by 0.5% to account for greater uncertainty in projections as time progresses.

Table 5 O&M Cost Escalation Factors

| Cost Escalator | FYE 2022 | FYE 2023 | FYE 2024 | FYE 2025 | FYE 2026 |
|---|---|---|---|---|---|
| Operations | 2.0% | 2.0% | 2.5% | 3.0% | 3.0% |
| Labor | 2.5% | 2.5% | 2.5% | 3.0% | 3.0% |
| Energy | 3.0% | 3.0% | 3.5% | 4.0% | 4.0% |
| Chemicals | 3.0% | 3.0% | 3.5% | 4.0% | 4.0% |
| Water Cost | 2.5% | 3.0% | 3.5% | 4.0% | 4.5% |
| Construction/Capital | 2.0% | 2.0% | 2.0% | 2.5% | 3.0% |

### 2.3.2 Projected Operating Expenses

Projected operating expenses are summarized in Table 6. As shown, total operating expenses are expected to increase from approximately $1.86 million in FYE 2021 to approximately $2.10 million in FYE 2026, an annualized increase of 2.5-percent. This increase is driven solely by expected cost inflation as SEJPA does not anticipate any changes to recycled water operations that would impact costs over the Study timeframe.

Table 6 Projected Operating Expenses

| Expense Category/Item | FYE 2021 | FYE 2022 | FYE 2023 | FYE 2024 | FYE 2025 | FYE 2026 |
|---|---|---|---|---|---|---|
| Personnel Costs | $642 | $658 | $675 | $691 | $712 | $733 |
| Supplies and Services | 610 | 624 | 638 | 655 | 676 | 698 |
| Rent | 108 | 116 | 124 | 133 | 142 | 152 |
| Retrofit Expenses | 100 | 50 | 50 | 50 | 50 | 50 |
| Utilities | 353 | 363 | 374 | 387 | 402 | 418 |
| Capital Outlay | 50 | 50 | 50 | 50 | 50 | 50 |
| **Total Operating Expenses** | **$1,864** | **$1,861** | **$1,910** | **$1,966** | **$2,033** | **$2,102** |

Notes:
(1) All monetary values in thousands of dollars.
(2) Totals may not tie due to rounding.

## 2.4 Existing Debt Service

The Authority has two outstanding debt service obligations, three pipeline cost reimbursement commitments, and one interfund loan with the Authority's wastewater program. Debt service associated with each of the existing debt service obligations is presented below in Table 7.

### 2.4.1 Outside Debt Obligations

Existing debt service includes a 2012 Municipal Finance Corporation Loan, which funded the Authority's AWP facility, and a State Revolving Fund (SRF) Loan, which funded the Authority's original recycled water system infrastructure. The SRF loan will be fully repaid in FYE 2021. The Authority's 2012 Municipal Finance Corporation Loan has the potential to be refinanced at a lower interest rate in FYE 2022.

### 2.4.2 Pipeline Cost Reimbursements

SEJPA has promoted the expansion of recycled water service within the purveyors' service areas by offsetting the costs of local recycled water transmission and distribution systems through pipeline reimbursement agreements. Existing pipeline cost reimbursement obligations include agreements with SFID, OMWD, and Solana Beach.

*SFID Pipeline Transfer and Cost Reimbursement*

The SFID Pipeline Transfer and Cost Reimbursement is designed to reimburse SFID for pipeline infrastructure that was constructed to expand its recycled water service. Based on the agreement, SEJPA pays SFID $450 per AF delivered via the subject pipeline, as well as interest payments on the outstanding principal balance. As of the end of FYE 2021, the outstanding principal is anticipated to be $422,971. For this analysis, future payments are projected assuming that 28.7 AF are delivered via the pipeline each year. Interest payments are calculated assuming a 2-percent interest rate.

*Solana Beach Pipeline Transfer and Cost Reimbursement*

The Solana Beach Pipeline Transfer and Cost Reimbursement Agreement is designed to reimburse the City of Solana Beach for pipeline infrastructure that was constructed to expand its recycled water service. Based on the agreement, SEJPA pays Solana Beach $450 per AF delivered via the subject pipeline and payments will continue until the full construction cost of the pipeline is reimbursed to Solana Beach. At the end of FYE 2021, the outstanding balance is anticipated to be $554,752 with the planned receipt of $600,000 in IRWM grant revenues. The payment for this pipeline in FYE 2021 (which is the first payment) is calculated based on deliveries made via the pipeline from FYE 2017 though FYE 2021, for a projected total of 82 AF. Payments for subsequent years are based on the actual deliveries via the pipeline, which is projected to be 22 AF in FYE 2022, with annual deliveries expected to increase as new customers connect to the pipeline (2 AF annually until the ultimate pipeline demand of 40 AFY is reached in FYE 2031).

*OMWD Pipeline Cost Reimbursement*

SEJPA and OMWD entered the OMWD Pipeline Cost Reimbursement to provide a means for SEJPA to compensate OMWD for the use of the OMWD's local distribution infrastructure, which it self-funded. Based on the agreement, SEJPA pays OMWD $450 per AF delivered to OMWD customers. The projected payments are based on the forecasted demands shown above in Table 3. Based on the specific agreement with OMWD, these payments are included in the "Rent" line item of Table 6 and are not considered as debt service.

### 2.4.3 Interfund Loan

The interfund loan payments are included to repay the Authority's wastewater Capital Projects fund (Fund 50) for the Encinitas Ranch capital improvement project that it funded on behalf of the Recycled Water fund (Fund 20). The total amount of $1.7 million is to be refunded to Fund 50 over FYE 2022 and FYE 2023. The $1,050,000 payment in FYE 2022 will be partially offset by $600,000 in IRWM grant revenues (shown above in Table 4).

Table 7 Existing Debt Service

| Debt Item | FYE 2021 | FYE 2022 | FYE 2023 | FYE 2024 | FYE 2025 | FYE 2026 |
|---|---|---|---|---|---|---|
| AWP Loan | $148 | $148 | $148 | $148 | $148 | $148 |
| SRF Loan | 835 | - | - | - | - | - |
| SFID Pipeline Transfer & Cost Reimbursement | 17 | 17 | 21 | 20 | 20 | 20 |
| Solana Beach Pipeline Transfer & Cost Reimbursement | 37 | 10 | 11 | 12 | 13 | 14 |
| Interfund Loan | - | 1,050 | 660 | - | - | - |
| **Total Debt Service** | **$1,037** | **$1,225** | **$840** | **$180** | **$181** | **$182** |

Notes:
(1) All monetary values in thousands of dollars.
(2) Totals may not tie due to rounding.

## 2.5 Capital Expenditures

SEJPA provided Carollo with its planned recycled water capital improvement plan (CIP) for the rate-setting period. The CIP includes a total of $10.7 million (2021 dollars) in capital expenditures for FYE 2021 through FYE 2030, with $7.2 million occurring within the Study period, FYE 2022 through FYE 2026.

Analyzed future costs were derived from the budgetary estimates that were provided in FYE 2021 dollars. Costs in future years were escalated between 2-percent and 3-percent annually between FYE 2022 and FYE 2025, then escalated at 3-percent thereafter to account for expected inflation in construction costs. With

the escalation factor applied, the analysis includes $11.9 million in capital expenditures from FYE 2021 to FYE 2030.

The CIP includes projects that are necessary to replace or rehabilitate aging infrastructure, as well as to enhance the reliability of the recycled water utility and allow for expanded service as forecasted in this Study.

- The recycled water treatment improvements will allow SEJPA to maintain and improve treatment production, recycle stormwater, and fulfill expected demands while continuing to meet water quality targets.
- The recycled water conveyance and storage project involves increasing system storage by up to 3 million gallons (MG); building infrastructure to more efficiently transfer water between storage tanks, reservoirs, and ponds; and to replace or rehabilitate an aging existing steel water storage tank.
- The recycled water distribution pumping reliability project will replace aging pumping infrastructure and add system improvements to ensure service reliability.
- Distribution system valves and miscellaneous appurtenances replacement program will provide funding for ongoing repair and replacement of discreet assets associated with the recycled water distribution system.

The projected annual planned CIP, in escalated dollars, is summarized in Table 8.

Table 8 Planned Capital Improvement Plan

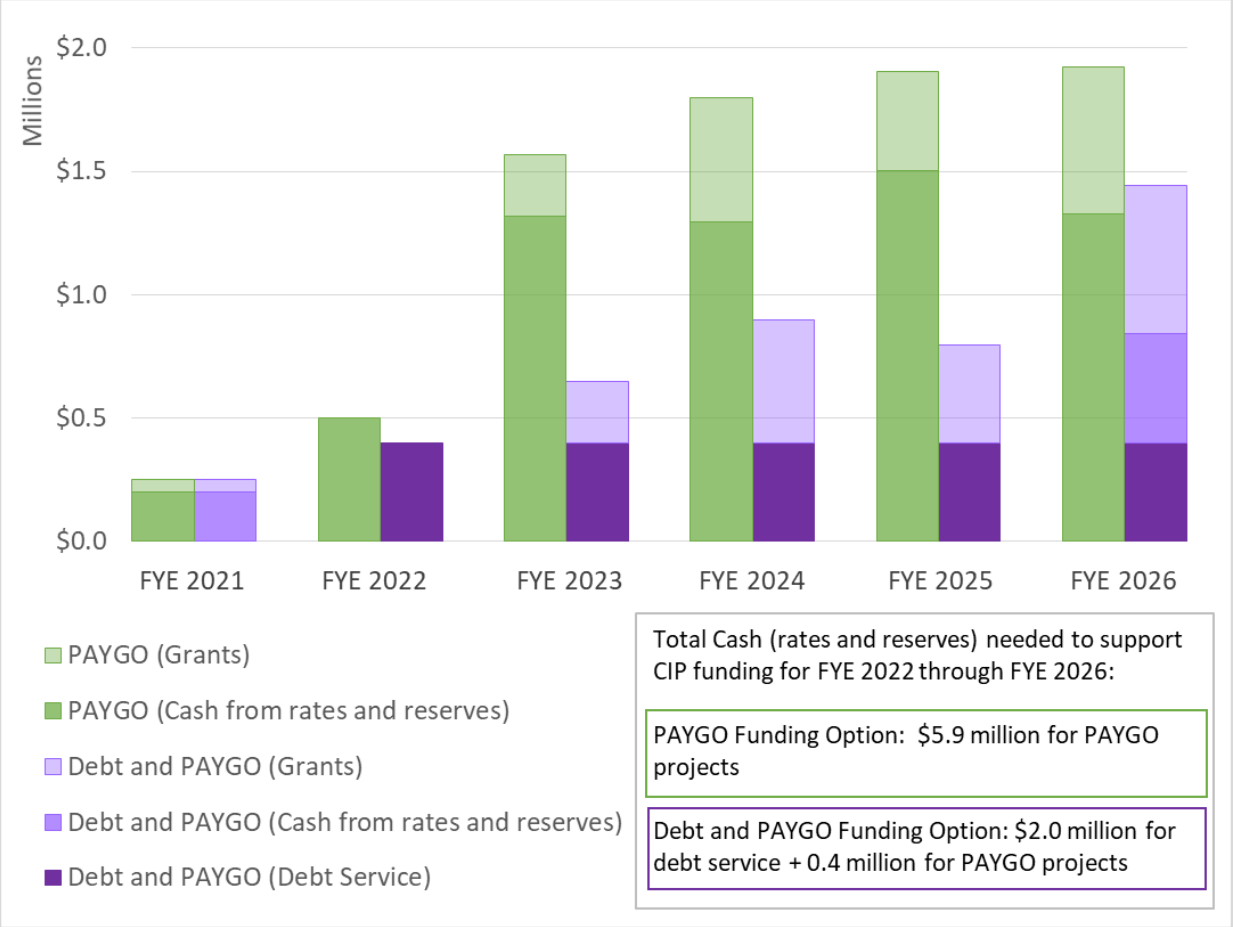
| CIP Project | FYE 2021 | FYE 2022[1] | FYE 2023 | FYE 2024 | FYE 2025 | FYE 2026 |
|---|---|---|---|---|---|---|
| RW Conveyance Projects | $- | $- | $- | $- | $- | $878 |
| RW Storage Projects | - | 245 | 216 | 226 | 1,193 | 990 |
| RW Treatment Projects | - | 255 | 1,353 | 1,571 | 710 | 56 |
| Valve/Misc. Appurtenance Replacement | 250 | - | - | - | - | - |
| **Total Planned CIP** | **$250** | **$500** | **$1,569** | **$1,797** | **$1,904** | **$1,925** |

Notes:
(1) Escalated from FYE 2021 dollars.
(2) All monetary values in thousands of dollars.
(3) Totals may not tie due to rounding.

The planned CIP from FYE 2021 through FYE 2030 is $11.9 million (escalated dollars), with $7.7 million (escalated dollars) in CIP expenses over the Study period. The Study considered two options to fund CIP. The first option is to use pay-as-you-go (PAYGO) cash funding, reserves, and grant funds. The second option considered is to use debt financing coupled with PAYGO cash funding, reserves, and grant funds. In both options, the grant funding assumption used is $1.75 million, which represents current grant awards to SEJPA for recycle water projects. The second option assumes that debt financing in the amount of $5.5 million would be available to fund projects starting in FYE 2022.

Figure 4 compares the annual capital funding needs for each option, PAYGO or Debt and PAYGO. The darker portion of the columns represent the amount of cash from rates or reserves that would be needed in each year to support the capital program. The lighter portions show the estimated amount of grant revenues to be applied to offset capital funding needs. The annual amounts for the Debt and PAYGO option include any cash funded projects as well as the debt service on the assumed bond or loan. As shown, the use of debt would require less cash over the study period, which could relieve pressure on rates and reserves.

Figure 4 CIP Funding Scenarios




## 2.6 Reserve Fund Targets

SEJPA's Recycled Water Program is a developing utility with a modest formal reserve policy associated with SRF debt service. To compliment this SRF debt reserve, the Board and Authority staff have completed previous financial planning with the goal of maintaining sufficient funds on hand to protect from and respond to unforeseen circumstances, along with building toward a replacement reserve target to fund ongoing and future rehabilitation and replacement of the recycled water system. Specifically, the Authority's prior financial planning efforts targeted a minimum reserve balance equal to 90 days of operating expenses, 1-year of debt service, and a repair and replacement reserve. The maximum reserve target has been the recycled water system's accumulated capital depreciation. Based on these assumptions, the minimum reserve target for FYE 2022 would be approximately $2.8 million, and the maximum target would be $9.7 million.

As a component of this Study, the Authority has developed updated reserve targets and assumptions. The developed reserve strategy more closely mirrors the policies of the individual water purveyors, with modifications and refinements to reflect the Authority's unique needs. The overall reserve target includes three main components: an operating reserve, a rate stabilization reserve, and a capital improvement and replacement reserve. Each component of the operational reserve provides its own unique set of funding and expense criteria and as such, each has varying target balances based on that defined criteria. The reserve components and associated targets are described in Table 9 and Table 10, respectively.

Table 9 Reserve Components

| Reserve Fund Component | Function |
|---|---|
| **Operating** | Provides funds to ensure continuity of operations during short-term fluctuations in cash flows due to demand volatility, unanticipated costs, or other factors. |
| **Rate Stabilization** | Provides funding to:<br>(1) Avoid unacceptable rate increases in combination with a cost-of-service study<br>(2) Accommodate a temporary reduction in revenues or increase in expenses<br>(3) Maintain compliance with any indebtedness obligations |
| **Capital Improvement and Replacement** | Provides funds for:<br>(1) Unplanned or accelerated capital projects<br>(2) Smooth budgetary and rate impacts of capital expenses<br>(3) Fund replacement of equipment with short service life<br>(4) Fund asset management activities |

Table 10 Reserve Component Targets

| Reserve Fund Component | Minimum Target | Maximum Target |
|---|---|---|
| **Operating Reserve** | 60 days of operating expenses | 120 days of operating expenses |
| **Rate Stabilization Reserve** | One year of debt service payments<br>*Plus*<br>25-percent of the current fiscal year's budgeted sales revenue | One year of debt service payments<br>*Plus*<br>100-percent of the current fiscal year's budgeted sales revenue |
| **Capital Improvement and Replacement Reserve** | 100-percent current year cash CIP, 50% second year cash CIP, and 25% third year cash CIP | 100-percent of current, second, and third year cash CIP |

Table 11 shows the minimum and maximum reserve targets for FYE 2022. Because the component targets are tied to specific costs within the projections, the component and overall targets will vary each fiscal year depending upon the value of those specific costs. The targets presented in Table 11 are based on the operating cost projected above, no additional debt financing, and the CIP with the planned project implementation timing. If additional debt were to be issued, the reserve target would be adjusted accordingly based on the associated annual debt service.

Table 11 FYE 2022 Reserve Targets

| Reserve Fund | Minimum Target | Maximum Target |
|---|---|---|
| Operating Reserve | $298 | $595 |
| *Rate Stabilization Reserve - Debt Service* | *$572* | *$572* |
| *Rate Stabilization Reserve - Budgeted Revenues*[1] | *$564* | *$2,256* |
| Subtotal: Rate Stabilization Reserve | $1,136 | $2,828 |
| Capital Improvement and Replacement Reserve | $1,733 | $3,865 |
| **Total Reserve Target** | **$3,167** | **$7,288** |

Notes:
(1) Based on rate revenues assuming that a 3.9-percent rate increase is implemented fir FYE 2022.
(2) All monetary values in thousands of dollars.
(3) Totals may not tie due to rounding.

Section 3

# REVENUE REQUIREMENTS AND RATES

The revenue requirement analysis is a test of a utility's fiscal health, scrutinizing the adequacy of current revenues against funding needs. This test sets the basis for rate planning and reviews the viability of the utility's revenues against operating and capital expenses, debt service, and reserve targets. Where cash flows and balances are insufficient, the revenue requirement analysis recommends the needed additional cash flows to meet all funding goals.

Carollo collected actual and budgeted revenues and expenditures, reserve fund balances and policies, planned capital improvement plan expenditures, existing and future annual debt service, and other relevant financial data to forecast funding needs. Once this forecast is established, three tests are performed to define the annual revenues requirements.

1. The **Cash Flow Sufficiency Test** looks for a net positive cash flow at the end of each fiscal year. This test looks at whether revenues exceed expenses. When they do not, this test recommends additional revenue.
2. The **Debt Service Coverage Test** assesses the ability of the utility to cover debt service payments. Utility bond issuances regularly include a stipulation that the agency maintain enough cash flows to cover the planned debt service plus an additional percent of that debt service. SEJPA's targeted ratio from its bond issuances is 1.5x. The higher multiple can provide credit rating agencies with additional evidence of SEJPA's strong financial health and support SEJPA's current AA+ rating to reduce long-term borrowing costs. If net revenues fall below this ratio, this test recommends additional revenue.
3. The **Reserve Sufficiency Test** assesses the ability of the utility to meet the minimum reserve target through the Study period. If projected year end reserve balances fall below the minimum target, this test recommends additional revenue.

Carollo looks at all three tests over the study period to identify years where revenue adjustments are necessary. Carollo also considers the impact of the projected financial plan on SEJPA's reserve balances and looks at operating, capital, and other funds' performance against Authority policy minimums.

## 3.1 Baseline Revenue Requirements – 2-percent Rate Increase

The cash flow sufficiency test evaluates revenues received by SEJPA to see that they are projected to cover both operating and non-operating expenses. If recycled water rates increase at the lowest level allowed by the agreement with the water purveyors (2-percent annually), inflation increases on program expenses erode program reserves impacting the ability to fund future capital projects and to meet minimum recommend reserve levels. As summarized in Table 12, increasing rates at 2-percent annually during the 5 year rate period of this Study produces insufficient revenues.

Table 12 Cash Flow Sufficiency Test with 2-percent Annual Rate Increases

| Revenue/Expense Item[1] | FYE 2021 | FYE 2022 | FYE 2023 | FYE 2024 | FYE 2025 | FYE 2026 |
|---|---|---|---|---|---|---|
| Rate Revenues under Annual 2% Rate Increases | $2,116 | $2,215 | $2,315 | $2,403 | $2,497 | $2,595 |
| Incentives | 707 | 720 | 720 | 720 | 720 | 311 |
| Grants | 50 | 600 | 250 | 500 | 400 | 600 |
| Encinitas Ranch Golf Authority | 291 | 303 | 315 | 328 | 341 | 354 |
| **Total Revenues** | **$3,163** | **$3,837** | **$3,600** | **$3,951** | **$3,957** | **$3,860** |
| **Total Operating Expenses** | **$1,864** | **$1,861** | **$1,910** | **$1,966** | **$2,033** | **$2,102** |
| Debt Service | $1,037 | $175 | $180 | $180 | $181 | $182 |
| Interfund Loan | 0 | 1,050 | 660 | 0 | 0 | 0 |
| **Total Debt Service** | **$1,037** | **$1,225** | **$840** | **$180** | **$181** | **$182** |
| **Capital Expenses** | $250 | $500 | $1,569 | $1,797 | $1,904 | $1,925 |
| **Total Revenue Requirements** | **$3,150** | **$3,586** | **$4,319** | **$3,943** | **$4,117** | **$4,208** |
| **Cash Flow Surplus/Deficit** | **$13** | **$252** | **($719)** | **$7** | **($160)** | **($348)** |
| Beginning Fund Balance[3] | $2,794 | $2,807 | $3,059 | $2,339 | $2,347 | $2,187 |
| Contribution to (Use of) Reserves | 13 | 252 | (719) | 7 | (160) | (348) |
| **Ending Fund Balance** | **$2,807** | **$3,059** | **$2,339** | **$2,347** | **$2,187** | **$1,839** |
| *Minimum Reserve Target* | *$2,756* | *$2,760* | *$4,007* | *$4,326* | *$4,285* | *$3,885* |
| *Maximum Reserve Target* | *$6,067* | *$6,850* | *$8,375* | *$8,838* | *$8,312* | *$7,392* |

Notes:
(1) All monetary values are in thousands of dollars.
(2) Totals may not tie due to rounding.
(3) Includes funds from SRF loan reserve.

## 3.2 Baseline Debt Coverage Test – 2-percent Rate Increase

Assuming annual inflationary increases of 2-percent, SEJPA is projected to meet the targeted debt service coverage ratio (DSCR) of 1.5 times debt service in FYE 2022 and through the five-year rate setting period. Table 13 summarizes the debt service coverage test.

Table 13 Debt Coverage Test with 2-percent Annual Rate Increases

| Revenue/Expense Item | FYE 2021 | FYE 2022 | FYE 2023 | FYE 2024 | FYE 2025 | FYE 2026 |
|---|---|---|---|---|---|---|
| **Operating Revenues [1]** | **$3,113** | **$3,237** | **$3,350** | **$3,451** | **$3,557** | **$3,260** |
| Operating Expenses exc. Capital Outlay | 1,814 | 1,811 | 1,860 | 1,916 | 1,983 | 2,052 |
| **Revenues Available for Debt Service** | **$1,300** | **$1,426** | **$1,489** | **$1,534** | **$1,574** | **$1,208** |
| **Debt Service[2]** | **$1,037** | **$175** | **$180** | **$180** | **$181** | **$182** |
| **DSCR[3]** | **1.25x** | **8.15x** | **8.29x** | **8.51x** | **8.70x** | **6.65x** |

Notes:
(1) Excluding grants.
(2) Excluding interfund loans.
(3) DSCR equal to "Revenues Available for Debt Service" divided by "Debt Service".
(4) All monetary values are in thousands of dollars.
(5) Totals may not tie due to rounding.

## 3.3 Modeled Financial Scenarios

Carollo evaluated multiple financial scenarios to compare various rate increases, capital funding plans, and debt financing options for the Authority.

1. 2.0-percent rate Increase with PAYGO Funding[1]
2. 3.9-percent rate Increase with PAYGO Funding
3. 5.0-percent rate Increase with PAYGO Funding
4. 3.9-percent rate Increase with Debt & PAYGO Funding

### 3.3.1 3.9-percent Rate Increases with PAYGO Funding

Table 14 summarizes the financial forecast with annual 3.9-percent increases and planned annual CIP expenses. While this level of increase would be sufficient to cover expenses and meet debt service coverage requirements, the timing of the CIP would lead to reserves being spent down over the next five years. The projected operational fund balance would remain below the minimum reserve target in all years of the study period, providing diminutive shelter from unforeseen increases in costs or decreases in revenues.

Table 14 Financial Forecast – 3.9-percent Rate Increases with PAYGO Funding

| Revenue/Expense Item(1) | FYE 2022 | FYE 2023 | FYE 2024 | FYE 2025 | FYE 2026 |
|---|---|---|---|---|---|
| **Rate Increase** | **3.9%** | **3.9%** | **3.9%** | **3.9%** | **3.9%** |
| Rate Revenues (Existing Rates) | $2,171 | $2,225 | $2,265 | $2,306 | $2,351 |
| Revenue From Rate Increases | 85 | 177 | 275 | 381 | 496 |
| Other Revenues | 1,623 | 1,285 | 1,548 | 1,461 | 1,265 |
| **Total Revenues** | **$3,879** | **$3,687** | **$4,087** | **$4,148** | **$4,111** |
| Total Operating Expenses | 1,861 | 1,910 | 1,966 | 2,033 | 2,102 |
| Debt Service | 175 | 180 | 180 | 181 | 182 |
| Interfund Loan | 1,050 | 660 | 0 | 0 | 0 |
| Rate Funded Capital (PAYGO) | 500 | 1,569 | 1,797 | 1,904 | 1,925 |
| **Total Revenue Requirements** | **$3,586** | **$4,319** | **$3,943** | **$4,117** | **$4,208** |
| **DSCR, after rate increase** | **8.39x** | **8.77x** | **9.27x** | **9.76x** | **8.04x** |
| Cash Flow Surplus/Deficit | $293 | ($632) | $144 | $31 | ($97) |
| **Ending Fund Balance** | **$3,100** | **$2,468** | **$2,612** | **$2,643** | **$2,546** |
| *Minimum Reserve Target* | *$2,770* | *$4,029* | *$4,360* | *$4,333* | *$3,948* |
| *Maximum Reserve Target* | *$6,892* | *$8,462* | *$8,975* | *$8,503* | *$7,643* |

Notes:
(1) All monetary values are in thousands of dollars.
(2) Totals may not tie due to rounding.

Table 15 shows the calculated rates for the forecast presented above in Table 14. Rates are calculated by dividing the revenue required from rates by the total projected usage. The rate revenue requirement for each year is equal to the total expenses, plus or minus any contribution to or use of reserves, less other revenues.

[1] Summarized above in Section 3.1

Table 15 Calculated Rates – 3.9-percent Rate Increases with PAYGO Funding

| Item [1] | FYE 2022 | FYE 2023 | FYE 2024 | FYE 2025 | FYE 2026 |
|---|---|---|---|---|---|
| Total Expenses ($1,000s) | $3,586 | $4,319 | $3,943 | $4,117 | $4,208 |
| Contribution To (Use Of) Reserves ($1,000s) | 293 | (632) | 144 | 31 | (97) |
| Less: Other Revenues ($1,000s) | (1,623) | (1,285) | (1,548) | (1,461) | (1,265) |
| **Total Rate Revenue Requirement ($1,000s)** | **$2,256** | **$2,402** | **$2,540** | **$2,688** | **$2,846** |
| Usage Subject to Rates (AF) | 1,324 | 1,357 | 1,381 | 1,406 | 1,433 |
| **Calculated Rate ($/AF)[1]** | **$1,704** | **$1,770** | **$1,839** | **$1,911** | **$1,986** |

Notes:
(1) Calculated rate equal to "Total Rate Revenue Requirement" divided by "Usage Subject to Rates".
(2) Totals may not tie due to rounding.

### 3.3.2 5.0-percent Rate Increases with PAYGO Funding

The 5.0-percent rate increase is the highest allowed by agreement with the water purveyors and provides the upper bookend to the considered rate increases. Table 16 summarizes the financial forecast with annual 5.0-percent increases and planned annual CIP expenses. While this level of increase would be sufficient to cover expenses and meet debt service coverage requirements, the timing of the CIP would lead to reserves being spent down in FYE 2022 and FYE 2023 before beginning to rebound slowly. The projected fund balance would remain below the minimum target in all years of the Study period, providing little shelter from unforeseen increases in costs or decreases in revenues.

Table 16 Financial Forecast – 5.0-percent Rate Increases with PAYGO Funding

| Revenue/Expense Item[1] | FYE 2022 | FYE 2023 | FYE 2024 | FYE 2025 | FYE 2026 |
|---|---|---|---|---|---|
| **Rate Increase** | **5.0%** | **5.0%** | **5.0%** | **5.0%** | **5.0%** |
| Rate Revenues (Existing Rates) | $2,171 | $2,225 | $2,265 | $2,306 | $2,351 |
| Revenue From Rate Increases | 109 | 228 | 357 | 497 | 649 |
| Other Revenues | 1,623 | 1,285 | 1,548 | 1,461 | 1,265 |
| **Total Revenues** | **$3,903** | **$3,738** | **$4,169** | **$4,264** | **$4,265** |
| Total Operating Expenses | 1,861 | 1,910 | 1,966 | 2,033 | 2,102 |
| Debt Service | 175 | 180 | 180 | 181 | 182 |
| Interfund Loan | 1,050 | 660 | 0 | 0 | 0 |
| Rate Funded Capital (PAYGO) | 500 | 1,569 | 1,797 | 1,904 | 1,925 |
| **Total Revenue Requirements** | **$3,586** | **$4,319** | **$3,943** | **$4,117** | **$4,208** |
| **DSCR, after rate increase** | **8.52x** | **9.06x** | **9.72x** | **10.40x** | **8.88x** |
| Cash Flow Surplus/Deficit | $317 | ($581) | $226 | $147 | $57 |
| **Ending Fund Balance** | **$3,124** | **$2,543** | **$2,769** | **$2,915** | **$2,972** |
| *Minimum Reserve Target* | *$2,776* | *$4,042* | *$4,380* | *$4,362* | *$3,986* |
| *Maximum Reserve Target* | *$6,916* | *$8,513* | *$9,057* | *$8,619* | *$7,797* |

Notes:
(1) All monetary values in thousands of dollars.
(2) Totals may not tie due to rounding.

Table 17 shows the determination of rates for the forecast presented in Table 16. Rates are calculated by dividing the revenue required from rates by the projected usage of the water districts. The revenue required

from rates for each year is equal to the total expenses, plus or minus any contribution to or use of reserves, less other revenues

Table 17 Calculated Rates – 5.0% Rate Increases with PAYGO Funding

| Item [1] | FYE 2022 | FYE 2023 | FYE 2024 | FYE 2025 | FYE 2026 |
|---|---|---|---|---|---|
| Total Expenses ($1,000s) | $3,586 | $4,319 | $3,943 | $4,117 | $4,208 |
| Contribution To (Use Of) Reserves ($1,000s) | 317 | (581) | 226 | 147 | 57 |
| Less: Other Revenues ($1,000s) | (1,623) | (1,285) | (1,548) | (1,461) | (1,265) |
| **Total Rate Revenue Requirement ($1,000s)** | **$2,280** | **$2,453** | **$2,621** | **$2,803** | **$3,000** |
| Usage Subject to Rates (AF) | 1,324 | 1,357 | 1,381 | 1,406 | 1,433 |
| **Calculated Rate ($/AF)[1]** | **$1,722** | **$1,808** | **$1,899** | **$1,993** | **$2,093** |

Notes:
(1) Calculated rate equal to "Total Rate Revenue Requirement" divided by "Usage Subject to Rates".
(2) Totals may not tie due to rounding.

### 3.3.3 3.9-percent Rate Increases with Debt Funding

As an alternative option to using PAYGO funding for all CIP expenses, the CIP could be implemented as planned and partially funded using debt financing. The evaluated debt and PAYGO funding scenario includes 3.9-percent annual revenue increases. Such revenue increases are projected to keep SEJPA's revenues in line with cost inflation while supporting a debt financing required to fund the majority of near-term capital improvement expenditures. Combining this debt financing with inflationary revenue increases would avoid future rate hikes above inflation and would allow for reserve balances to reach the minimum target over the next four years.

Table 18 shows the assumptions used to estimate the annual debt service associated with the $5.5 million debt issuance. The assumed issuance cost and interest rate are intended to be conservative assumptions and as such, the actual debt service that SEJPA would pay could be lower if it elects to issue debt. Conversely, if market condition change leading to higher interest rates, the level of the debt service payment could rise.

Table 18 Debt Issuance Assumptions

| Assumption | Value |
|---|---|
| Year of Issuance | FYE 2022 |
| **Project Funds Required** | **$5,500,000** |
| Issuance Costs | 137,500 |
| **Total Amount Financed** | **$5,673,500** |
| Interest Rate | 3.50% |
| Period (years) | 20 |
| **Annual Debt Service** | **$397,000** |

Table 19 summarizes the financial forecast with 3.9-percent annual rate increases and the use of debt funding for $5.5 million of the projected CIP expenses.

Table 19 Financial Forecast – 3.9-percent Rate Increases with Debt & PAYGO Funding

| Revenue/Expense Item[1] | FYE 2022 | FYE 2023 | FYE 2024 | FYE 2025 | FYE 2026 |
|---|---|---|---|---|---|
| **Rate Increase** | **3.9%** | **3.9%** | **3.9%** | **3.9%** | **3.9%** |
| **Debt Issuance** | **$5,500** | | | | |
| Rate Revenues (Existing Rates) | $2,171 | $2,225 | $2,265 | $2,306 | $2,351 |
| Revenue From Rate Increases | 85 | 177 | 275 | 381 | 496 |
| Other Revenues | 1,623 | 1,285 | 1,548 | 1,461 | 1,265 |
| **Total Revenues** | **$3,879** | **$3,687** | **$4,087** | **$4,148** | **$4,111** |
| Total Operating Expenses | 1,861 | 1,910 | 1,966 | 2,033 | 2,102 |
| Existing Debt Service | 175 | 180 | 180 | 181 | 182 |
| New Debt Service | 397 | 397 | 397 | 397 | 397 |
| **Subtotal: Debt Service** | **572** | **576** | **577** | **578** | **578** |
| Interfund Loan | 1,050 | 660 | 0 | 0 | 0 |
| Rate Funded Capital (PAYGO) | 0 | 250 | 500 | 400 | 1,044 |
| **Total Expenses** | **$3,483** | **$3,397** | **$3,043** | **$3,010** | **$3,724** |
| **DSCR, after rate increase** | **2.57x** | **2.74x** | **2.90x** | **3.06x** | **2.52x** |
| Cash Flow Surplus/Deficit | $396 | $290 | $1,044 | $1,138 | $387 |
| **Ending Fund Balance** | **$3,203** | **$3,493** | **$4,537** | **$5,675** | **$6,063** |
| *Minimum Reserve Target* | *$3,167* | *$4,426* | *$4,757* | *$4,730* | *$4,344* |
| *Maximum Reserve Target* | *$7,288* | *$8,859* | *$9,372* | *$8,900* | *$8,040* |

Notes:
(1) All monetary values in thousands of dollars.
(2) Totals may not tie due to rounding.

Table 20 shows the determination of rates for the forecast presented in Table 19. Rates are calculated by dividing the revenue required form rates by the projected usage of the water districts. The revenue required from rates for each year is equal to the total expenses, plus or minus any contribution to or use of reserves, less other revenues.

Table 20 Financial Forecast – 3.9-percent Rate Increases with Debt & PAYGO Funding

| Item | FYE 2022 | FYE 2023 | FYE 2024 | FYE 2025 | FYE 2026 |
|---|---|---|---|---|---|
| Total Expenses ($1,000s) | $3,483 | $3,397 | $3,043 | $3,010 | $3,724 |
| Contribution To (Use Of) Reserves ($1,000s) | 396 | 290 | 1,044 | 1,138 | 387 |
| Less: Other Revenues ($1,000s) | (1,623) | (1,285) | (1,548) | (1,461) | (1,265) |
| **Total Rate Revenue Requirement ($1,000s)** | **$2,256** | **$2,402** | **$2,540** | **$2,688** | **$2,846** |
| Usage Subject to Rates (AF) | 1,324 | 1,357 | 1,381 | 1,406 | 1,433 |
| **Calculated Rate ($/AF)** | **$1,704** | **$1,770** | **$1,839** | **$1,911** | **$1,986** |

Notes:
(1) Calculated rate equal to "Total Rate Revenue Requirement" divided by "Usage Subject to Rates"..
(2) Totals may not tie due to rounding.

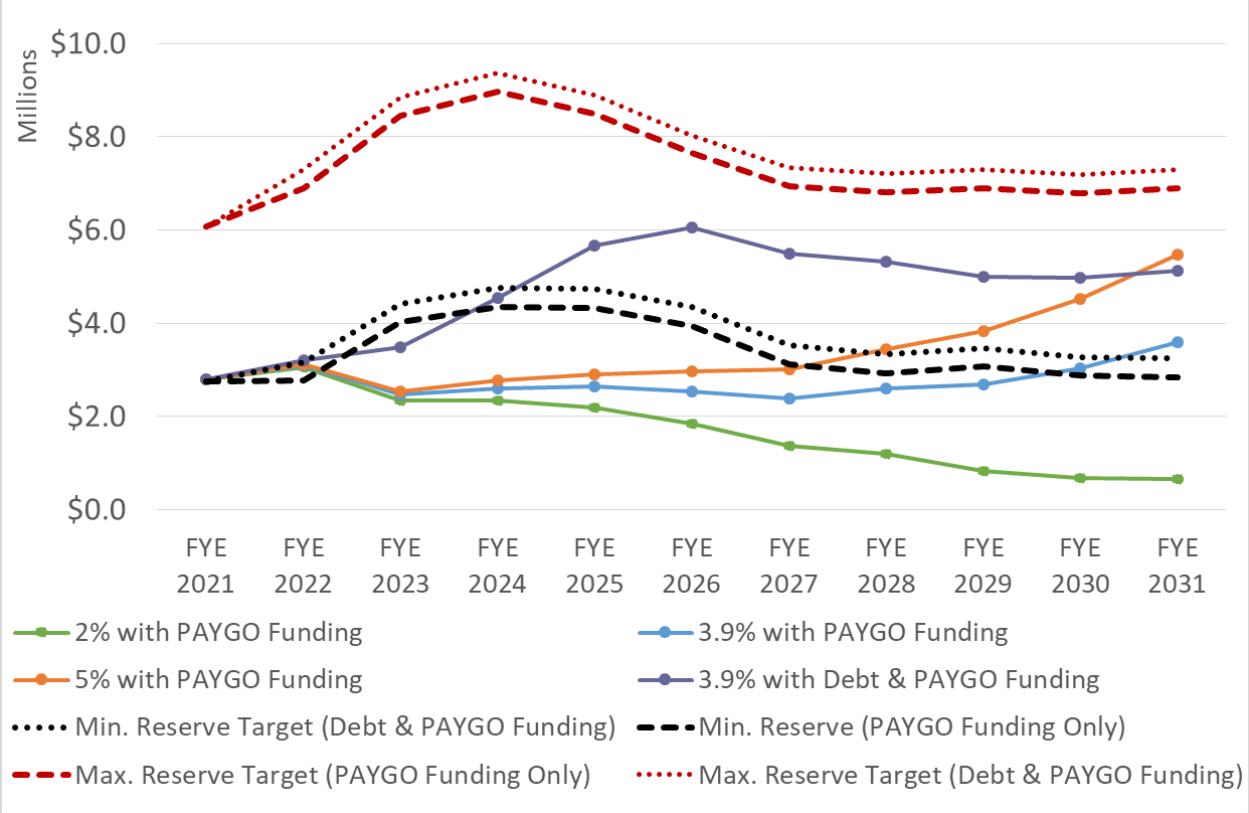
## 3.4 Revenue Requirements Comparison

The following subsections compare the results of the revenue requirements and rate analyses for the analyzed rate increase and capital funding strategies. Though the study is focused on developing rates for the five-year period of FYE 2022 through FYE 2026, the strategies are compared through FY 2031 to provide additional context. This longer-term comparison helps to ensure that financial decisions made now do not have adverse effects on the long-term trajectory of the recycled water fund. Because each of the strategies can provide funding for the full CIP and generates sufficient revenues for debt coverage, the comparison is focused on projected reserve fund balances and rates.

### 3.4.1 Reserve Fund Projection Comparison

Figure 5 shows the projected reserves for each of the analyzed rate increase and capital funding strategies as well as the minimum and maximum reserve targets.

Figure 5 Projected Reserve Fund Balance Comparison



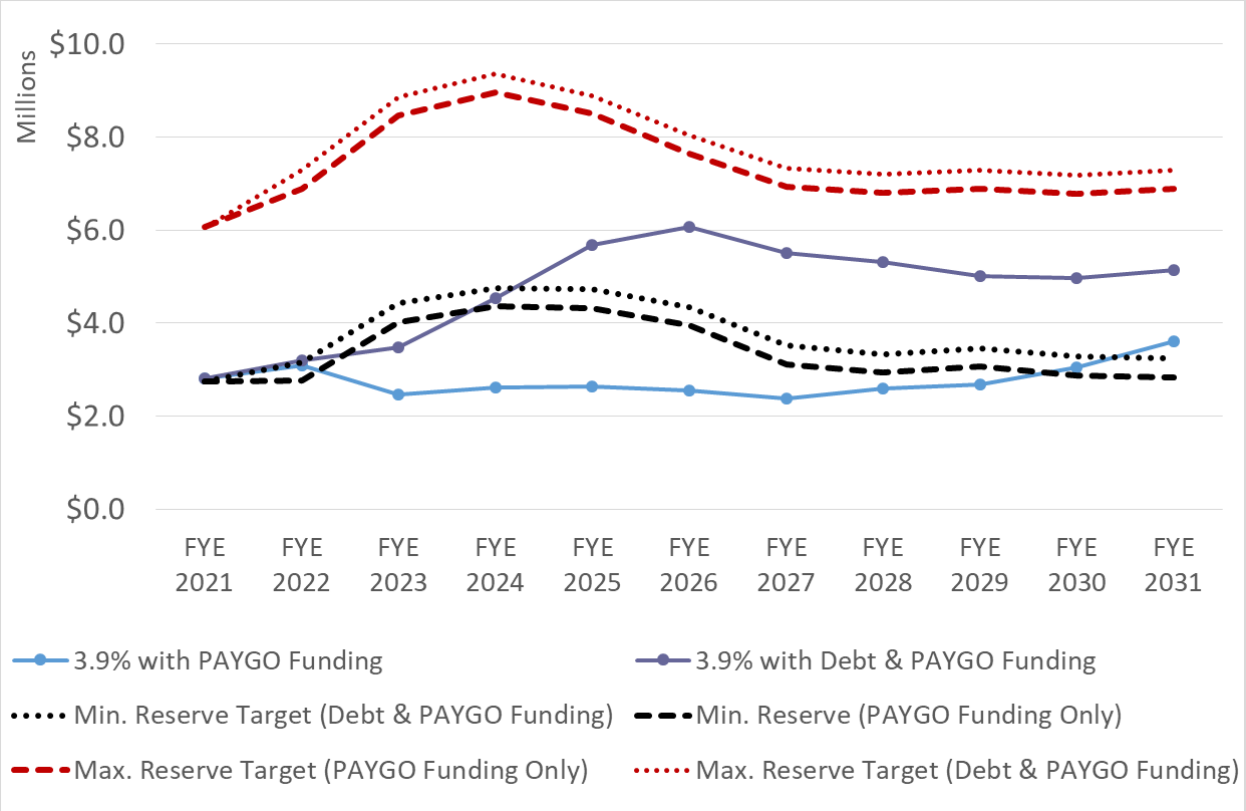

As shown in the figure, the projected fund balance shows greater sensitivity to the strategy for CIP funding than to the level of rate increases over the Study period. Each of the PAYGO only funding scenarios would see reserves drawn down, and remaining below the minimum target through the study period.

Over the longer term, the rate increase scenarios would show greater deviation in the projected reserve levels that they could support due to compounding. By FYE 2031, the projected reserve would range from approximately $654,000 if 2.0-percent increases are implemented, and $5.5 million if 5-percent increases are implemented. With 5.0-percent annual increases and PAYGO only funding, reserves would not reach the minimum target until FYE 2028, with 3.9-percent annual increases and PAYGO only funding, reserves would

not reach the minimum target until FYE 2030. With 2.0-percent annual increases, reserves would continue to decrease each year through FYE 2031.

If debt is used to fund a portion of the CIP costs, reserves could be increased to the meet the minimum target by FYE 2025 and be held above the target thereafter with 3.9-percent annual increases. The additional funds would be available for further CIP projects as needed or be held in reserve for future capital replacement projects. Figure 6 shows the projected fund balance for scenarios with 3.9-percent increases compared to the operational and capital reserve targets.

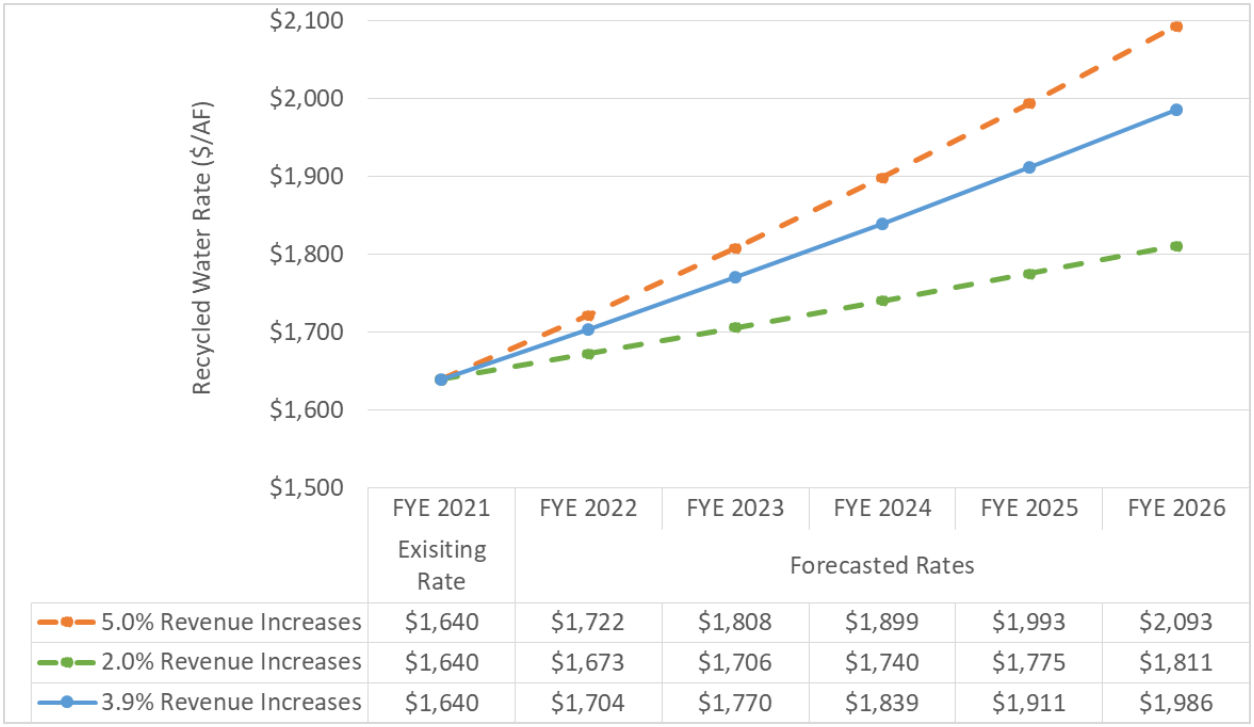
Figure 6 Projected Reserves with 3.9-percent Revenue Increases




### 3.4.2 Projected Rates Comparison

Figure 7 shows the projected rates under each rate increase strategy. By the end of the five-year study period in FY 2026, rates would reach $1,811 for the 2-percent, $1,986 for the 3.9-percent revenue increase strategy, or $2,093 for the 5-percent rate increase strategy.

Figure 7 Projected Rates Comparison




| | FYE 2021 | FYE 2022 | FYE 2023 | FYE 2024 | FYE 2025 | FYE 2026 |
|---|---|---|---|---|---|---|
| | Exisiting Rate | Forecasted Rates | | | | |
| 5.0% Revenue Increases | $1,640 | $1,722 | $1,808 | $1,899 | $1,993 | $2,093 |
| 2.0% Revenue Increases | $1,640 | $1,673 | $1,706 | $1,740 | $1,775 | $1,811 |
| 3.9% Revenue Increases | $1,640 | $1,704 | $1,770 | $1,839 | $1,911 | $1,986 |

### 3.4.3 Sensitivity Analysis

A sensitivity analysis was performed to test the impact of a demand reduction event, similar to those that have occurred in recent years, on the finances of the recycled water fund. The demand reduction analysis is based on the financial forecast with 3.9-percent annual revenue increases and includes a reduction in demands of 15-percent in FYE 2022 and FYE 2023 and 7.5-percent in FYE 2024, from the baseline demand projections shown in Table 3. The continuation of such a reduction for two years followed by a third year with a lesser reduction (as analyzed) would represent a significant but not unprecedented demand reduction event. For example, actual demand decreases of 12.1-percent and 14.3-percent occurred in FYE 2016 and 2019 respectively.

Figure 8 compares the projected sales with the demand reduction event to the baseline projection. The demand reduction projection would result in an overall sales decrease of 611 AF from the baseline projection over the course of the demand reduction event.

Figure 8 Projected Demands for Sensitivity Analysis

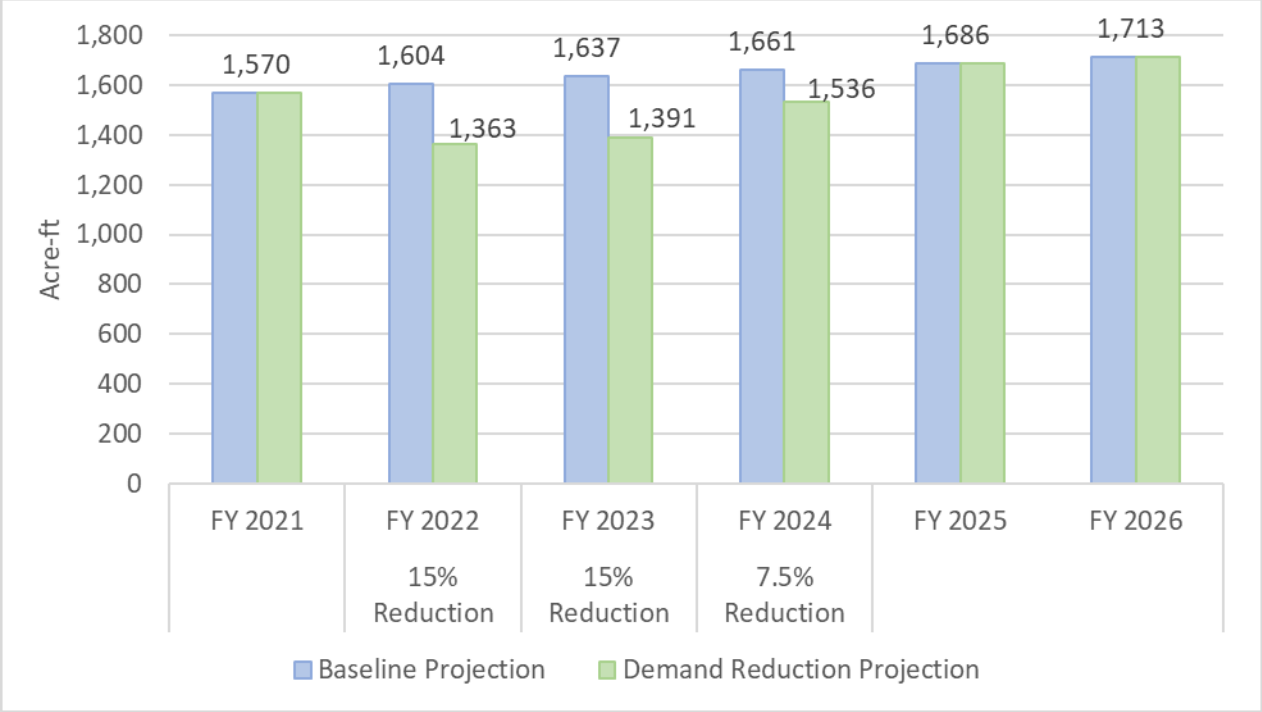



Table 21 shows the revenue impact of the demand reduction under 3.9-percent annual revenue increases. The tested reduction in demands would impact revenues generated from sales to the water districts and to ERGA as well as the amount of MWD and SDCWA subsidy revenues that SEJPA would receive. Overall, the reduced demands would result a revenue reduction of over $1.2 million as compared to the baseline projections.

Table 21 Revenue Impact of Reduced Demands

| | FYE 2022 | FYE 2023 | FYE 2024 | FYE 2025 | FYE2026 |
|---|---|---|---|---|---|
| **Baseline Demands** | | | | | |
| Sales Revenue[2] | $2,559 | $2,717 | $2,867 | $3,028 | $3,200 |
| MWD and SDCWA Incentives | 720 | 720 | 720 | 720 | 311 |
| **Baseline Demand Driven Revenues** | **$3,279** | **$3,437** | **$3,587** | **$3,748** | **$3,511** |
| **Reduced Demands** | | | | | |
| Sales Revenue[2] | $2,175 | $2,309 | $2,652 | $3,028 | $3,200 |
| MWD and SDCWA Incentives | 614 | 626 | 691 | 720 | 311 |
| **Reduced Demand Driven Revenues** | **$2,788** | **$2,935** | **$3,344** | **$3,748** | **$3,511** |
| **Revenue Reduction** | **($490)** | **($501)** | **($244)** | **$0** | **$0** |
| **Total Revenue Impact (FYE 2022 through FYE 2024)** | | | **($1,236)** | | |

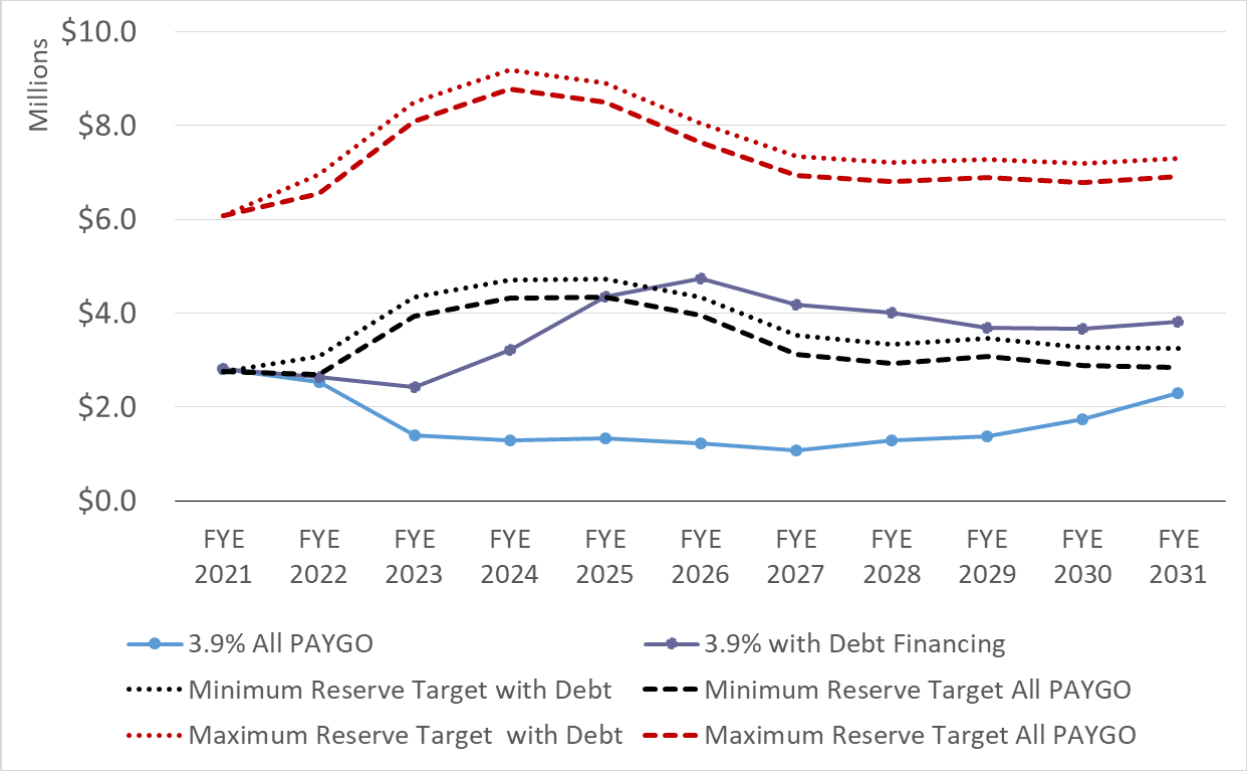
Notes:
(1) All monetary values in thousands of dollars.
(2) Totals may not tie due to rounding.

Figure 9 shows the projected reserve fund balances with reduced demands and 3.9-percent revenue increases.

Under a cash funding strategy with the planned CIP implementation schedule, the revenue shortfalls resulting from the reduction in demands would lead to reserve funds being fully depleted in FYE 2024. The fund balance would not meet or exceed the operational reserve target until FYE 2031.

If debt funding is used for the CIP, the reserve fund balance could remain favorable in spite of potential demand reductions. The balance would remain above the operational reserve target from FYE 2026 through FYE 2031.

Figure 9 Projected Reserves with Reduced Demands



Section 4

# RECOMMENDATIONS

## 4.1 Rate Increases

As shown by the analysis and the comparison of rate increase and CIP funding strategies, any of the analyzed levels of rate increases of 3.9-percent or greater would be sufficient to meet SEJPA's financial obligations. Given that the majority of SEJPA's recycled water revenues are based directly on sales, revenues have the potential to be adversely impacted by price elasticity when rates are increases. Because higher levels of rate increases could lead to decreased usage there is an incentive to maintain rates at the lowest level that can provide sufficient revenues and a sustainable financial forecast. Based on these factors, Carollo recommends that rate increases be implemented at the 3.9-percent per year level for FYE 2022 through FYE 2026 and that those increases be coupled with the use of debt to fund a portion of CIP costs. The recommended rates are shown in Table 22.

Table 22 Recommended Rates

| | FYE 2022 | FYE 2023 | FYE 2024 | FYE 2025 | FYE 2026 |
|---|---|---|---|---|---|
| Revenue Increase | 3.9% | 3.9% | 3.9% | 3.9% | 3.9% |
| **Recommended Recycled Water Rate ($/AF)** | **$1,704** | **$1,770** | **$1,839** | **$1,911** | **$1,986** |

If SEJPA opts to forgo the recommended increases and proposed debt issuance, expenses could exceed revenues. This could jeopardize SEJPA's ability to sufficiently fund reserves targets, debt service coverage, and planned capital projects. By implementing annual increases of 3.9-percent beginning in FYE 2022 and issuing a $5.5 million debt financing in FYE 2022, SEJPA is projected to avoid this situation and maintain financial health.

## 4.2 Reserves and Capital Funding

At a minimum, SEJPA should work toward funding reserves to the minimum target level to protect from and respond to unforeseen circumstances that impact revenues or costs. To this end, a CIP funding strategy that smooths the impact of CIP projects by utilizing debt financing for a portion of the CIP so that costs can be amortized over multiple years is preferable. Utilizing debt financing has the added advantages of allowing for reserve to be built to more quickly to reach the reserve targets, allowing the Authority to take advantage of historically low finance rates, and allowing for CIP projects to be built sooner, reducing the exposure to anticipated construction inflation.

## 4.3 Future Rate Considerations

During future cost of service and rate evaluations, the Authority should consider making further updates to the rate structure, as appropriate, to enhance revenue stability and financial sustainability. The potential updates could include implementing an annual fixed charge, to be assessed to the water purveyors, to recover a share of the recycled water system's fixed costs. Such a charge would provide a stable source of revenue to pay for costs such as debt service, system maintenance, or infrastructure replacement that do not vary based on the amount of water produced. Multiple methods of assessing a potential fixed charge to the purveyors could be available including, but not limited to, charges based on rolling average deliveries, the number of connected meter equivalent units, minimum purchase volumes, or other indicators of the capacity required to serve each purveyor. If the Authority ultimately decides to implement a fixed charge, it should be done so only after a cost of service analysis is completed to determine the appropriate level of fixed revenue recovery and the most equitable manner of assessing individual purveyors.

SAN ELIJO | JOINT POWERS AUTHORITY

# RECYCLED WATER

# RESERVE FUND POLICY

## APRIL 2021

**SAN ELIJO JOINT POWERS AUTHORITY**
**RECYCLED WATER RESERVE FUND POLICY**

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## 1. Policy Statement

A key element of prudent financial planning is to ensure that sufficient funding is available for current and future operating, capital, and debt service needs. Through planning and undertaking regular cost-of-service review, the San Elijo Joint Powers Authority (SEJPA) will at all times strive to have sufficient funding generated from current revenues to meet its operating expenditures, Pay-Go (defined below in section 4) for capital projects, and debt service cost obligations. Additionally, fiscal responsibility requires anticipating the likelihood of and preparing for unforeseen events. This Recycled Water Reserve Fund Policy outlines specific accounts to meet these planned and unforeseen obligations.

The Board of Directors (Board) may designate specific fund accounts and maintain minimum fund balances consistent with statutory obligations that it has determined to be in the best interest of SEJPA. The Policy directives outlined in this document are intended to ensure SEJPA has sufficient funds to meet current and future needs. The Board will annually review and approve reserve amounts as part of the budget adoption process.

## 2. General Provisions

SEJPA will maintain operating and capital funds in designated accounts. The target fund balances are considered the minimum necessary to maintain the SEJPA's credit worthiness and adequately provide for:

- Compliance with applicable statutory requirements
- Financing of future capital facilities
- Cash flow requirements
- Economic uncertainties, local disasters, and other financial hardships or downturnsin the local or national economy
- Contingencies or unforeseen operating or capital needs

A fundamental purpose of SEJPA's policy documents and plans is to link what must be accomplished with the necessary resources to successfully do so.

SEJPA has established and will maintain the following reserve components:

- Operating
- Rate Stabilization
- Capital Improvement and Replacement

Fund balances will be reviewed on an annual basis at the SEJPA's annual budget recommendation review to reconcile the fund balances and assess the financial capacity to accomplish identified activities and projects.

The minimum target balance established for each reserve component represents the baseline financial condition that is acceptable to SEJPA from a risk management and financial planning perspective. Maintaining funds at appropriate levels is an ongoing business process that consists of a periodic assessment of revenues and expenditure levels. This assessment includes (either alone or in combination with each other), but is not limited to, a review of fees and charges, water usage, capital financing methods, rate of return on investment of funds, and levels of capital expenditures. A maximum balance is established for each fund as a way to ensure that SEJPA may prioritize capitalization of each reserve as the Board may see as necessary and prudent, while not holding excess monies that may unduly impact water purveyors.

## 3. Reserve Components

a. *Operating Reserve*: The Operating Reserve component is designated by the Board to maintain working capital for current operations to ensure continuity of operations during short-term fluctuations in cash flow due to demand volatility, unanticipated costs, or other factors. Utilization of the operating fund shall only be based on Board action, and any request by Staff to use the fund that shall bring the reserve below minimum Reserve Funds Policy levels shall also be accompanied by a plan and timeline for replenishment.

Source of Funds:

- Prior year ending balance carried forward
- Allocation of funds by Board action
- Net operating income

Designation of Expenses/Uses:

- Funding requirements due to short term revenue and expenditure imbalance
- Intra-fiscal year cash flow timing without Board approval, so long as the fund balance is not impaired by fiscal year-end

Target Balance:

The Operating target balance shall be a minimum of sixty (60) days and a maximum of one hundred and twenty (120) days of the current fiscal year's operating budget, less depreciation/amortization.

b. *Rate Stabilization Reserve:* The Rate Stabilization Reserve component is utilized to avoid unacceptable rate increases in combination with a cost-of-service study. Additionally, the fund may be utilized to accommodate a temporary reduction in revenues or increase in expenses such as (but not limited to) short term reductions in water sales and/or the purchase of imported water due to lack of local water. This fund may also be utilized to maintain compliance with any indebtedness obligations. Utilization of the rate stabilization fund shall only be based on Board action, and any request by Staff to use the fund that shall bring the reserve below minimum Reserve Funds Policy levels shall also be accompanied by a plan and timeline for replenishment.

Source of Funds:
- Prior year ending balance carried forward
- Allocation of funds by Board action
- Net operating income

Designation of Expenses/Uses:
- Provide operating revenue to offset unacceptable rate increases
- Offset water sales revenue loss or sudden increase in expenses
- Purchase of additional imported water to offset lack of local water
- Compliance with debt service obligation

Target Balance: The Rate Stabilization Fund target balance shall not fall below the sum of the following:

- One year of debt service payments
  Plus
- 25% of the current fiscal year's budgeted sales revenue

And shall not at any time exceed the sum of the following:
- One year of debt service payments
  Plus
- 100% of the current fiscal year's budgeted sales revenue

c. *Capital Improvement and Replacement Reserve*: The Capital Improvement and Replacement Reserve component is an unrestricted fund, which is designated by the Board for capital improvements to meet regulatory requirements, system reliability, facility replacement projects, and future infrastructure upgrades, among other items. These capital improvements are identified in the Facilities Plan and budget document. The funds are accumulated and drawn down in a manner consistent with this Policy. The Board reviews utilization and funding of the Capital Improvement and Replacement component during SEJPA's annual budget process.

Source of Funds:
- Prior year ending balance carried forward
- Allocation of funds by Board action

Designation of Expenses/Uses:
- Capital improvement projects
- Capital repairs and replacement projects
- Major equipment acquisitions
- Office fixtures and furnishings, computer equipment and collateral items
- Emergency capital repairs and replacement

Target Balance: The Capital Improvement and Replacement component target balance shall not exceed 100% of the total of the Pay-Go portion of the first three years of the current Capital Improvement Program (CIP) costs as identified in the Facilities Plan or the current Adopted Budget. The Capital Improvement target balance shall at all times equal or exceed 100% of the Pay-Go portion of the current fiscal year's CIP, 50% of the

Pay-Go portion of the following fiscal year's CIP, and 25% of the Pay-Go portion of the succeeding fiscal year's CIP.

Pay-Go is defined as the portion of capital expenditures that are not funded through debt issuance.

## 4. Delegation of Authority

The Board of the SEJPA has sole authority to amend or revise the Reserve Policy. Management responsibility for the Reserve Policy is hereby delegated to the General Manager, who through approval of this Policy has established written procedures for the management of SEJPA's reserve.